

AGENDA**ASSEMBLY BUDGET SUBCOMMITTEE NO. 1 ON HEALTH AND HUMAN SERVICES****ASSEMBLYMEMBER HOLLY MITCHELL, CHAIR****FRIDAY, MAY 25, 2012
1:30 P.M. - STATE CAPITOL ROOM 126**

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VOTE-ONLY ITEMS

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

ISSUE 1: PROPOSALS TO ACHIEVE \$200 MILLION GF REDUCTION

BACKGROUND

The May Revision includes policy changes and corresponding trailer bill language to implement the proposed continuation of a reduction of \$200 million annually that was triggered in December 2011 by lower than anticipated state revenues (pursuant to AB 121(Committee on Budget), Chapter 41, Statutes of 2011, which included a \$100 million reduction for a six-month period of the 2011-12 budget year). The Subcommittee agenda for May 17th included additional details regarding these proposals and extensive public testimony regarding their content.

Staff Recommendation:

Adopt the Administration's proposals and trailer bill language in the following categories, **subject to** refinements in the trailer bill process and the changes and additions mentioned below:

A. Maximizing Federal Funds

B. Implementation of SB 946

C. Redesigning Services for Individuals with Challenging Needs

With the following changes and additions:

- 1) Limiting short-term acute crisis placements in developmental centers to six months, with the possibility of one six-month extension.
- 2) Authorizing the use of licensed delayed egress homes to also have secured perimeter fences, contingent on eligibility for federal funding and subject to program standards and a cap on the number of beds statewide in homes with secured perimeter fences, established by emergency regulations to be promulgated by the Department.
- 3) Prohibiting, effective July 1, 2012, Regional Centers from purchasing new residential services from Institutions for Mental Disease (IMD) for which federal financial participation is not available except in emergencies when alternative services eligible for federal funds are not available. In the case of emergency placements, requires a comprehensive assessment to be completed within 30 days of admission and an Individual Program Plan (IPP) meeting to be convened to plan for the transition of these consumers to the community within 6 months. Also requires comprehensive assessments of consumers currently placed in an IMD and the establishment of a transition plan and timelines for returning the consumer to the community.

4) Ensuring that the comprehensive assessments and reports for consumers residing in developmental centers on July 1, 2012 shall include input from the regional center, the consumer, and the consumer's family, legal guardian, or conservator, when appropriate, and identify the types of community based services and supports available to the consumer.

5) Requiring the Department to annually provide specified information to the policy and fiscal committees of the Legislature on the efforts to serve consumers with challenging needs, including but not limited to:

a) Data regarding developmental center admissions, including but not limited to those that occur in response to acute crises;

b) Outcome data related to the assessment process for consumers living in developmental centers on July 1, 2012;

c) Progress on the development of needed statewide specialty services and supports, including regional community crisis options;

d) Progress in reducing reliance on facilities ineligible for federal funding and those located outside of the state; and

e) If applicable, any recommendations regarding additional rate exceptions or modifications beyond those allowed for under existing law that the Department identifies as necessary to ensure the success of these policies.

D. Redesigning Supported Living Assessments

With the specification that that regional centers be included, as stakeholders, in development of the assessment tool.

E. Regional Center & Provider Rate Reduction of 1.25 Percent

With a change to extend the 1.25 percent rate reduction for a two-year period only, for the 2012-13 and 2013-14 budget years, and not as an indefinite rate reduction.

F. Additional Cost Savings and Efficiencies As Described in the Previous Agenda

With the additional of trailer bill language to clearly establish that, the use of technology in place of consumers' in-person court appearances or any direct services for consumers would only occur with the informed agreement of the consumer.

ISSUE 2: PROPOSAL REGARDING INCLUSION OF DDS IN NOVEMBER BALLOT TRIGGER**BACKGROUND**

As discussed during presentation at the Subcommittee's May 17th hearing on DDS issues, the May Revision proposes to trigger, as of January 1, 2013, a reduction of \$50 million General Fund (GF) to 2012-13 developmental services expenditures if the Governor's revenue-related ballot initiative does not pass in November. This amount would annualize to a \$100 million ongoing reduction.

At the May 17th hearing, Subcommittee Members and the public suggested adopting, if the May Revision proposed changes to the trigger are approved, language that was previously used for DDS cuts when these were adopted for the December 2011 trigger.

The excerpt from Senate Bill 73 [(Committee on Budget and Fiscal Review), Chapter 34, Statutes of 2011] is below and the specific language referenced is underlined.

Section 4792 is added to the Welfare and Institutions Code, to read:

4792. (a) This section of law shall only be operative if subdivision (b) of Section 3.94 of the Budget Act of 2011 is operative. It is the intent of the Legislature for the department to identify up to one hundred million dollars (\$100,000,000) in General Fund savings from within the overall developmental services system, including any savings or reductions within state administrative support, operation of the developmental centers, and operation of the regional centers, including administration and the purchase of services where applicable if subdivision (b) of Section 3.94 of the Budget Act of 2011 is operative. A variety of strategies, including, but not limited to, savings attributable to caseload adjustments, changes in expenditure trends, unexpended contract funds, or other administrative savings or restructuring can be applied to this reduction with the intent of keeping reductions as far away as feasible from consumer's direct needs, services, and supports, including health, safety, and quality of life.

(b) The department may utilize input from workgroups comprised of consumers and family members, consumer-focused advocacy groups, service provider representatives, regional center representatives, developmental center representatives, other stakeholders, and staff of the Legislature, to develop General Fund savings proposals as necessary.

(c) If subdivision (b) of Section 3.94 of the Budget Act of 2011 is operative, and the department is directed to identify up to one hundred million dollars (\$100,000,000) in General Fund savings from within the developmental services system, any savings or reductions identified shall be reported to the Joint Legislative Budget Committee within 10 days of the reduction as directed within Section 3.94 of the Budget Act of 2011.

Staff Recommendation:

While decisions on the trigger will be decided in full Budget Committee at a later point, staff recommends that the Subcommittee consider an action to propose to full Budget the inclusion of language like what was adopted in SB 73 in 2011 for any reduction included for DDS as part of a revised trigger.

ITEMS TO BE HEARD

8860 DEPARTMENT OF FINANCE
4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
4260 DEPARTMENT OF HEALTH CARE SERVICES
5180 DEPARTMENT OF SOCIAL SERVICES

ISSUE 1: REVIEW OF PROPOSED REALIGNMENT FISCAL SUPERSTRUCTURE

BACKGROUND

In 2011-12, the State began a process to realign certain Public Safety, Health, and Human Services programs to counties. As originally envisioned, the realignment was to be coupled with a Constitutional amendment that would guarantee ongoing funding for the programs that would have been before voters in June of 2012. Because the June 2011 Special Election did not occur, the process for realigning responsibilities for these programs to counties was started, but it is still being implemented in the 2012-13 budget. The budget dedicated 1.0625 percent of State sales tax and \$462 million of Vehicle License Fee revenue for the realigned costs in 2011-12.

The Governor's temporary tax initiative would provide the Constitutional protection for this revenue dedicated to Realignment and guarantee that it would continue. This initiative would shield local governments from some future costs, as well as provide mandate protection for the state.

The 2011 Realignment included a diverse set of programs, including:

- Custody of Low-Level Offenders
- Juvenile Justice
- Adult Parole
- Court Security
- Mental Health Services
- Substance Abuse Services
- Foster Care and Child Welfare Services
- Adult Protective Services

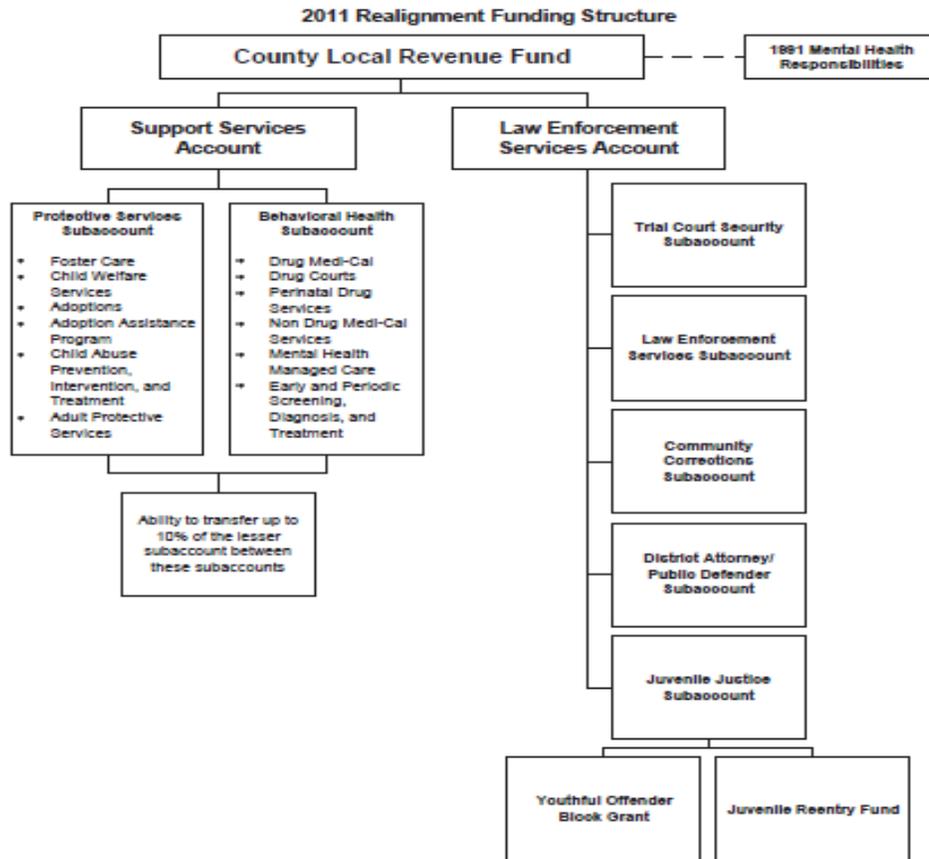
The 2011-12 also included only a one-year temporary funding structure for the realigned programs, which essentially funded them at the same level as the prior year and did not allow counties flexibility to move funds from one program to another.

The 2012-13 Budget includes intent for a permanent funding structure and revenue allocation mechanism for realignment. This mechanism should address three major issues:

- 1) How much flexibility will counties have in moving money between programs?
- 2) How will funding be allocated to counties?
- 3) What happens to natural growth in the dedicated sales tax revenue?

GOVERNOR’S PROPOSED FUNDING STRUCTURE

The Administration provided the following chart as part of the Governor’s January Budget.



The Administration states that the proposed funding structure is intended to provide local entities with a stable funding source for realigned programs. Within each Subaccount, counties will have the flexibility. Counties will also be able to use their funds to draw down the maximum amount of federal funding for these programs.

The funding allocations were adjusted as part of the May Revision and are reflected in the following chart.

2011 Realignment Funding (Dollars in Millions)				
Program	2011-12	2012-13	2013-14	2014-15
Court Security	\$496.4	\$496.4	\$496.4	\$496.4
Public Safety Programs	489.9	489.9	489.9	489.9
Local Jurisdiction for Lower-level Offenders and Parole Violators				
Local Costs	239.9	581.1	759.0	762.2
Reimbursement of State Costs	989.9	-	-	-
Realign Adult Parole				
Local Costs	127.1	276.4	257.0	187.7
Reimbursement of State Costs	262.6	-	-	-
Mental Health Services				
EPSDT	-	584.2	584.2	584.2
Mental Health Managed Care	-	196.7	196.7	196.7
Existing Community Mental Health Programs	1,083.6	1,120.6	1,120.6	1,120.6
Substance Abuse Treatment	183.6	183.6	183.6	183.6
Foster Care and Child Welfare Services	1,567.2	1,585.4	1,605.8	1,621.1
Adult Protective Services	55.0	55.0	55.0	55.0
Existing Juvenile Justice Realignment	97.1	98.8	98.8	98.8
Program Cost Growth	-	221.7	456.6	1,014.7
Total	\$5,592.3	\$5,889.8	\$6,303.6	\$6,810.9
1.0625% Sales Tax	5,152.9	5,434.7	5,840.3	6,339.8
Motor Vehicle License Fee Transfer	439.4	455.1	463.3	471.1
Total Revenues	\$5,592.3	\$5,889.8	\$6,303.6	\$6,810.9

Growth Funding. The Governor proposes to allocate program growth on roughly a proportional basis first among the Accounts and then among the Subaccounts. Within each Subaccount, federally required programs would receive priority funding if warranted by caseload and costs. Further, CWS would be a priority for growth once base programs are established, which over time could result in \$200 million in additional funds.

Movement Between Subaccounts. The Governor also proposes some flexibility for the counties to move money among Subaccounts, including the transfer of up to 10 percent between Subaccounts within the Support Services Account. Transfers would be valid for only one year and would not increase the base of any program.

CONSTITUTIONAL AMENDMENT PROPOSAL
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The Governor's 2012-13 budget proposes constitutional protection for revenues dedicated to the 2011 public safety realignment package and a permanent funding structure for base and growth funding. The structure would establish two accounts in the County Local Revenue Fund: 1) a Support Services Account, and 2) a Law Enforcement Services Account. The Support Services Account would contain two Subaccounts, including one for Protective Services (Child Welfare and Adult Protective Services). The proposed constitutional amendment related to the funding of local governments and schools and temporary taxes is A.G. File No. 12-0009.

In part, the LAO summarizes the proposed amendment as follows:

- **Guarantees Ongoing Revenues to Local Governments for Realigned Programs.** The measure requires the state to continue allocating SUT and VLF revenues to local governments to pay for the programs realigned in 2011. If portions of the SUT or VLF dedicated to realignment are reduced or eliminated, the state is required to provide alternative funding that is at least equal to the amount that would have been generated by the SUT and VLF for so long as the local governments are required to operate the realigned programs.
- **Constrains State's Ability to Impose Additional Requirements After 2012.** Through September 2012, the measure allows the state to change the statutory or regulatory requirements related to the realigned programs. A local government would not be required to fulfill a statutory or regulatory requirement approved after September 2012 related to the realigned programs, however, unless the requirement (1) imposed no net additional costs to the local government or (2) the state provided additional funding sufficient to cover its costs.
- **Limits Local Governments From Seeking Additional Reimbursements.** This measure specifies that the legislation creating 2011 realignment (as adopted through September 2012) would not be considered a state-reimbursable mandate. Therefore, local governments would not be eligible to seek reimbursement from the state for any costs related to implementing the legislation. Similarly, the measure specifies that any state regulation, executive order, or administrative directive necessary to implement realignment would not be a state-reimbursable mandate.
- **State and Local Governments Could Share Some Unanticipated Costs.** The measure specifies that certain unanticipated costs related to realignment would be

shared between the state and local governments. Specifically, the state would be required to fund at least half of any new local costs resulting from certain changes in federal statutes or regulations. The state also would be required to pay at least half of any new local costs resulting from federal court decisions or settlements related to realigned programs if (1) the state is a party in the proceeding, and (2) the state determines that the decision or settlement is not related to the failure of local agencies to perform their duties or obligations.

PROPOSALS FOR LEGISLATIVE REVIEW AND CONSIDERATION

The 2011 realignment package left a significant series of implementation matters unresolved, including critical issues such as the design of the funding system and allocation of revenues among counties. Over the months since enactment of the realignment package, the administration, counties, and some stakeholders have met to work on the implementing legislation. Assembly Budget Subcommittee #1 on Health and Human Services held a hearing on May 2, 2012 to discuss proposals related to the implementation of realignment, and focused on proposed programmatic proposals and language.

A. Programmatic Realignment. On May 2, 2012, the Administration presented its programmatic realignment trailer bill and the Subcommittee took public comment on the language. The following pieces of language remain under review:

- Child Welfare Services (CWS) within DSS;
- Substance Abuse services within ADP and DHCS; and
- Mental Health Programs within DHCS.

The language was made public on Friday, April 27, 2012 and matrices detailing what this language accomplishes by section were included as attachments to the Subcommittee's May 2 agenda.

B. Fiscal Superstructure. As part of the May Revision, the Administration has released language related to the fiscal architecture for realignment starting in 2012-13. Prior to the release of the language, the Department of Finance provided the following list of elements that this language would address. According to DOF, the superstructure language:

1. Establishes the Support Services and Law Enforcement Services Accounts (state and local).
2. Establishes the Subaccounts.
3. Includes EPSDT and Mental Health Managed Care within the Behavioral Health Subaccount.
4. Allocates VLF to the Law Enforcement Services Subaccount.
5. Establishes the base year for each program.
6. Establishes that going forward, the base is a "rolling" base – base plus growth equals the new base.

7. Establishes the allocation of funds by program to each county.
8. Eliminates the state level Unallocated and Reserve Accounts by a date certain in 2012-13.
9. Establishes that the 1991 Realignment mental health program will continue to receive under the 1991 formula.
10. Splits growth proportionally between the two Accounts.
11. Splits growth among the Subaccounts.
12. Establishes growth accounts by funding source (sales and use tax and VLF).
13. Establishes that 1991 community mental health receives a set percentage of the Support Services growth.
14. Establishes that CWS receives 40% out of the growth to the Support Services Account until \$200 million is reached.
15. Allocates the remaining growth in Support Services to the Protective Services and Behavioral Health Subaccounts.
16. Establishes how growth will be allocated to each county – some may be a formula; some may be a schedule given to the State Controller's Office (SCO) depending on the factors used and interest in changing the factors over time.
17. Allows a 10% transfer of the lesser subaccount to the other subaccount within Support Services. Transfers would be for one year only and would not add to the base and Boards would have to take the action in a public meeting (similar to 1991).
18. Authorizes counties to create a reserve (probably only in the Support Services Account) and put an upper limit on what the reserve could be.
19. Reiterates that the state used to have a share of cost in these programs and now that share is paid with Realignment 2011 funds.
20. Reiterates that counties are required to meet federal requirements in federal programs.
21. Establishes a mechanism for sequestration of funds in case a county cannot meet its federal obligations and the state is required to step in to operate the program to meet federal requirements.
22. Establishes the authority for counties to contract with the state to run programs such as Adoptions or Drug Medi-Cal if the county does not wish to administer the program.
23. Ends county right of first refusal with Mental Health Managed Care upon passage of the Constitutional Amendment.
24. Requires that if a county has received resources for a "discretionary" program (e.g, Drug Courts) and wants to substantially reduce or eliminate the program, the County Board of Supervisors would have to do that by a separate vote of the Board.
25. Establishes county protections that are in the Constitutional Amendment.
26. Adds state mandate protections.

A matrix of the specific components of the language is included as an Attachment to this agenda.

PANEL

- Administrative Departments. DOF has been asked to present on the following:
 - Please provide an overview of the proposed fiscal superstructure, including related language, and explain in detail its key elements.
 - Please explain how much content from the proposed Constitutional Amendment appears in the superstructure trailer bill proposal.
 - What assurances does the language create that allocations to counties will be fully expended for their designated purposes?
- Legislative Analyst's Office (LAO), please provide comments or additional insight on the Realignment topic. What questions remain for the LAO as it reviews the programmatic and fiscal superstructure language?
 - The LAO has provided two charts on the funding structure; these are included as Attachments **B1** and **B2** to this agenda.
- Public Comment

Staff Recommendation:

The Subcommittee will continue to review the proposed language related to the implementation of Realignment and receive feedback from stakeholders. Staff recommends holding open the Fiscal Superstructure language and continuing to hold open the programmatic drafts from the affected departments in Health and Human Services.

Attachment A

Matrix of Fiscal Superstructure Language as Proposed at May Revision

Section	Purpose
	CREATING THE FUNDS
Govt Code §30025 pp. 1-12	<p>Creates the funds at the state level for 2012-13 and beyond.</p> <p>As of September 30, 2012, abolishes the accounts and subaccounts created in the Local Revenue Fund 2011 at the state level in 2011-12, except the Mental Health Account, the Undistributed Account and the Reserve Account. As of December 31, 2012 the Undistributed Account and the Reserve Account are abolished.</p> <p>Local Revenue Fund 2011 with the following permanent structure for account, subaccounts and special accounts:</p> <p>Support Services Account</p> <ul style="list-style-type: none"> ▪ Protective Services Subaccount ▪ Behavioral Health Subaccount ▪ County Intervention Support Services Subaccount <p>Law Enforcement Services Account</p> <ul style="list-style-type: none"> ▪ Trial Court Security Subaccount ▪ Enhancing Law Enforcement Activities Subaccount <ul style="list-style-type: none"> ➤ Enhancing Law Enforcement Activities Special Growth Account (i.e., local public safety subventions) ▪ Community Corrections Subaccount ▪ DA/PP Subaccount ▪ Juvenile Justice Subaccount <ul style="list-style-type: none"> ➤ Youthful Offender Block Grant Special Account ➤ Juvenile Reentry Grant Special Account <p>Sales and Use Tax Growth Account</p> <ul style="list-style-type: none"> ▪ Support Services Growth Subaccount <ul style="list-style-type: none"> ➤ Protective Services Growth Special Account ➤ Behavioral Health Growth Special Account ▪ Law Enforcement Services Growth Subaccount <ul style="list-style-type: none"> ➤ Trial Court Security Growth Special Account ➤ Community Corrections Growth Special Account ➤ DA/PP Growth Special Account ➤ Juvenile Justice Growth Special Account <p>Provides for the transfer of funds from 2011-12 accounts and subaccounts to the permanent accounts, subaccounts, and special accounts on September 15,</p>

Section	Purpose
	<p>2012. Old accounts are deleted on September 30, 2012.</p> <p>Similarly, changes the account structure at the local level. The County Local Revenue Fund 2011 includes the following:</p> <p>Support Services Account</p> <ul style="list-style-type: none"> ▪ Protective Services Subaccount ▪ Behavioral Health Subaccount ▪ Support Services Reserve Subaccount (local option) <p>Law Enforcement Services Account</p> <ul style="list-style-type: none"> ▪ Trial Court Security Subaccount ▪ Enhancing Law Enforcement Activities Subaccount ▪ Community Corrections Subaccount ▪ DA/PD Subaccount ▪ Juvenile Justice Subaccount <ul style="list-style-type: none"> ➤ Youthful Offender Block Grant Special Account ➤ Juvenile Reentry Grant Special Account ▪ Innovation Subaccount (funds deposited in 2015-16) <p>Transferability. Includes transfer (called reallocation) provisions similar to 1991 between the Protective Services and Behavioral Health Subaccounts [paragraphs (f)(1)(D)(i-v). The language mirrors Welfare & Institutions Code § 17600.20. Clarifies the reallocation is for one fiscal year and is not a permanent funding source.</p> <p>Local Reserve. Board of Supervisors may optionally create a Support Services Reserve Subaccount. The Reserve Subaccount is capped at 5% of the total funds allocated to the Protective Services and Behavioral Health Subaccounts in a given fiscal year. Funds are to be used only for programs funded by the two subaccounts. Requires documentation to be submitted to the Controller annually. [paragraphs (f)(1)(F)(i-ii)].</p> <p>Provides for the transfer of funds from 2011-12 county accounts and subaccounts to the permanent accounts, subaccounts, and special accounts on September 15, 2012.</p> <p>Creates a Local Innovation Subaccount in the local Law Enforcement Services Account. Boards of Supervisors have the authority to spend funds in the Local Innovation Subaccount as they would funds in any of the other law enforcement subaccounts, with the exception of the Enhancing Law Enforcement Activities Subaccount.</p>

Section	Purpose
	<p>Adds Medi-Cal specialty mental health services, including Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and mental health managed care, to the programs within the Behavioral Health Subaccount. Clarifies that the existing 10% county match for EPSDT growth is not an eligible expense from the Behavioral Health Subaccount.</p> <p>Provides all funds from the state Reserve Account be disbursed by December 1, 2012.</p> <p>Provides all funds from the Undistributed Account be disbursed by December 1, 2012.</p>
Govt Code § 30026 p. 12	Clarifies that the newly created Community Corrections Subaccount and the Community Corrections Growth Special Account shall be used to fund AB 109.
	MANDATES, PROTECTIONS, ETC.
Govt Code § 30726.5 pp. 12-17	<p>This section generally includes a number of the provisions from the constitutional amendment negotiated with the Brown Administration. There is some additional language, as well.</p> <ul style="list-style-type: none"> (a) Identical to constitutional amendment (b) New language. The Administration is trying to clarify that if anything in 2011 Realignment is declared a mandate that the funds provided for are intended to cover the costs of the mandate. The subparagraphs are intended to direct counties to use funds from the accounts and subaccounts to pay for mandates unless the Subaccount funding is insufficient. (c) Identical to constitutional amendment (d) Similar to constitutional amendment. Adds cross-reference back to (b). (e) Similar to constitutional amendment. Adds cross-reference back to (b). (f) New language. Requires that if a Board of Supervisors adopts significant cuts to optional or discretionary programs, then they shall do so in a noticed public meeting. Defines significant cuts as 10% in one year or 25% over three years. This section applies to behavioral health programs or adult protective services. For the other optional or discretionary services funded from the Protective Services Subaccount, counties shall follow the public notification articulated in statute [in the DSS realignment TBL]. (g) This section creates the shares of cost for the HHS programs without enactment of the constitutional amendment. Also clarifies that counties are to use 2011 Realignment funds before using county General Fund on realigned programs if they are determined to be state mandates. (h) Creates the shares of costs for the HHS programs if the constitutional amendment is enacted. (i) Provides direction to the Controller about posting revenues and disbursements related to 2011 Realignment. (j) Clarifies that 2011 Realignment does not affect rights provided by federal entitlement programs. 2011 Realignment does not place additional restrictions on eligibility, coverage or access to services and

Section	Purpose
	<p>care for any federal or state entitlement.</p> <p>(k) Continues counties' existing 10% match on EPSDT growth and clarifies that the match shall come from a funding source other than the Local Revenue Fund 2011.</p> <p>(l) Provides that if the constitutional amendment passes, all subdivisions except (f), (h) and (i) are eliminated.</p>
ALLOCATING FUNDS TO THE STATE ACCOUNTS	
Govt Code §30027 pp. 17-18	Allocates funds to the appropriate state accounts and subaccounts in 2011-12 and clarifies that the fiscal year includes the cash received in July and August 2012.
Govt Code §30027.5 pp. 18-21	<p>Provides for the allocation of funds for the 2012-13 fiscal year to state accounts, subaccounts, and special accounts.</p> <ul style="list-style-type: none"> ▪ Allocates \$93,379,252 in sales tax to the Mental Health Account of the Local Revenue Fund 2011. ▪ Allocates \$489.9 million in VLF to the Enhancing Law Enforcement Activities Subaccount. ▪ Allocates sales tax to the Support Services (64.1975% or \$2.604 billion) and Law Enforcement Services Accounts (35.8025% or \$1.452 billion). ▪ If revenues come in below projections, the funds are disbursed proportionally between the Support Services and Law Enforcement Services Accounts. ▪ If revenues come in above the base amount for each account, the funds are deposited into the Sales and Use Tax Growth Account. ▪ If there are not sufficient VLF revenues to provide \$489.9 million to the Enhancing Law Enforcement Activities Subaccount, then sales tax revenues from the Local Revenue Fund are used to make up the difference. ▪ Allocates funds to the Law Enforcement Services Account and its corresponding Subaccounts and Special Accounts. <ul style="list-style-type: none"> ➤ 34.1721% up to \$496,429,000 to Trial Court Security Subaccount ➤ 58.0217% up to \$842,900,000 to Community Corrections Subaccount ➤ 1.0050% up to \$14.6 million to the DA/PD Subaccount ➤ 6.8012% up to \$98,804,000 to Juvenile Justice Subaccount ▪ Allocates funds to the Support Services Account and its subaccounts. <ul style="list-style-type: none"> ➤ 37.0264% up to \$964,500,000 to the Behavioral Health Subaccount ➤ 62.9736% up to \$1,640,400,000 to the Protective Services Subaccount
Govt Code §30027.6 pp. 21-23	<p>Provides for the allocation of funds for the 2013-14 fiscal year to state accounts, subaccounts, and special accounts.</p> <ul style="list-style-type: none"> ▪ Requires DOF to submit a schedule to the Controller that includes prior year base and growth calculations and revised allocations. ▪ Allocates \$93,379,252 in sales tax to the Mental Health Account of the Local Revenue Fund 2011. ▪ Allocates \$489.9 million in VLF to the Enhancing Law Enforcement Activities Subaccount.

Section	Purpose
	<ul style="list-style-type: none"> ▪ Allocates sales tax to the Support Services and Law Enforcement Services Accounts. <ul style="list-style-type: none"> ➢ Support Services = amounts allocated in the prior FY + \$20.368 million + total support services growth ➢ Law Enforcement = amount allocated in the prior FY + \$158.5 million + Trial Court Security and Juvenile Justice Growth Special Accounts in 2012-13 ▪ If revenues come in below projections, the funds are disbursed proportionally between the Support Services and Law Enforcement Services Accounts. ▪ If revenues come in above the base amount for each account, the funds are deposited into the Sales and Use Tax Growth Account. ▪ If there are not sufficient VLF revenues to provide \$489.9 million to the Enhancing Law Enforcement Activities Subaccount, then sales tax revenues from the Local Revenue Fund are used to make up the difference. ▪ Allocates funds to the Law Enforcement Services Account and its corresponding Subaccounts and Special Accounts. <ul style="list-style-type: none"> ➢ 30.8105% up to totals received in 2012-13 to Trial Court Security Subaccount ➢ 61.9960% up to \$998.9 million to Community Corrections Subaccount ➢ 1.0613% up to \$17.1 million to DA/PD Subaccount ➢ 6.1322% up to totals received in 2012-13 to Juvenile Justice Subaccount ▪ Allocates funds to the Support Services Account and its subaccounts. <ul style="list-style-type: none"> ➢ 36.7391% up to total amount received in 2012-13 for Behavioral Health Subaccount ➢ 63.2609% up to the total amount received in 2012-13 plus \$20.368 million
<p>Govt Code §30027.7 pp. 24-26</p>	<p>Provides for the allocation of funds for the 2014-15 fiscal year to state accounts, subaccounts, and special accounts.</p> <ul style="list-style-type: none"> ▪ Requires DOF to submit a schedule to the Controller that includes prior year base and growth calculations and revised allocations. ▪ Allocates \$93,379,252 in sales tax to the Mental Health Account of the Local Revenue Fund 2011. ▪ Allocates \$489.9 million in VLF to the Enhancing Law Enforcement Activities Subaccount. ▪ Allocates sales tax to the Support Services and Law Enforcement Services Accounts. <ul style="list-style-type: none"> ➢ Support Services = amounts allocated in the prior FY + \$15.333 million + total support services growth ➢ Law Enforcement = amount allocated in the prior FY - \$66.1 million + Trial Court Security and Juvenile Justice Growth Special Accounts in 2012-13 ▪ If revenues come in below projections, the funds are disbursed proportionally between the Support Services and Law Enforcement Services Accounts. ▪ If revenues come in above the base amount for each account, the funds are deposited into the Sales and Use Tax Growth Account.

Section	Purpose
	<ul style="list-style-type: none"> ▪ If there are not sufficient VLF revenues to provide \$489.9 million to the Enhancing Law Enforcement Activities Subaccount, then sales tax revenues from the Local Revenue Fund are used to make up the difference. ▪ Allocates funds to the Law Enforcement Services Account and its corresponding Subaccounts and Special Accounts. <ul style="list-style-type: none"> ➢ 32.1286% up to totals received in 2013-14 to Trial Court Security Subaccount ➢ 60.4543% up to \$934.1 million to Community Corrections Subaccount ➢ 1.0226% up to \$15.8 million to DA/PD Subaccount ➢ 6.3945% up to totals received in 2013-14 to Juvenile Justice Subaccount ▪ Allocates funds to the Support Services Account and its subaccounts. <ul style="list-style-type: none"> ➢ 36.5258% up to total amount received in 2013-14 for Behavioral Health Subaccount ➢ 63.4742% up to the total amount received in 2013-14 plus \$15.333 million
<p>Govt Code §30027.8 pp. 26-29</p>	<p>Provides for the allocation of funds for the 2015-16 fiscal year and every fiscal year after to state accounts, subaccounts, and special accounts.</p> <ul style="list-style-type: none"> ▪ Requires DOF to submit a schedule to the Controller that includes prior year base and growth calculations and revised allocations. ▪ Allocates \$93,379,252 in sales tax to the Mental Health Account of the Local Revenue Fund 2011. ▪ Allocates \$489.9 million in VLF to the Enhancing Law Enforcement Activities Subaccount. ▪ Allocates sales tax to the Support Services and Law Enforcement Services Accounts. <ul style="list-style-type: none"> ➢ Support Services = amounts allocated in the prior FY plus Support Services Growth Subaccount deposits ➢ Law Enforcement Services = amounts allocated in the prior FY plus Law Enforcement Services Growth Subaccount deposits ▪ If revenues come in below projections, the funds are disbursed proportionally between the Support Services and Law Enforcement Services Accounts. ▪ If revenues come in above the base amount for each account, the funds are deposited into the Sales and Use Tax Growth Account. ▪ If there are not sufficient VLF revenues to provide \$489.9 million to the Enhancing Law Enforcement Activities Subaccount, then sales tax revenues from the Local Revenue Fund are used to make up the difference. ▪ Allocates funds to the Law Enforcement Services Account and its corresponding Subaccounts and Special Accounts. <ul style="list-style-type: none"> ➢ Totals received in the prior year to Trial Court Security Subaccount and Growth Special Account ➢ Totals received in the prior year to Community Corrections Subaccount and Growth Special Account ➢ Totals received in the prior year to DA/PD Subaccount and Growth

Section	Purpose
	<p>Special Account</p> <ul style="list-style-type: none"> ➤ Totals received in the prior year to Juvenile Justice Subaccount and Growth Special Account <p>If there are insufficient funds, Controller allocates funding based on the proportional share each subaccount received in the previous fiscal year.</p> <ul style="list-style-type: none"> ▪ Allocates funds to the Support Services Account and its subaccounts. <ul style="list-style-type: none"> ➤ Total received in the Behavioral Health Subaccount and Growth Special Account in the prior fiscal year ➤ Total received in the Protective Services Subaccount and Growth Special Account in the prior fiscal year <p>If there are insufficient funds, Controller allocates funding based on the proportional share each subaccount received in the previous fiscal year.</p>
<p>Govt Code §30027.9 pp. 29-34</p>	<p>Growth Allocations.</p> <p><u>2012-13</u></p> <p>For 2012-13, allocations from the Sales and Use Tax Growth Account: 65% to the Support Services growth Subaccount and 35% to the Law Enforcement Services Subaccount.</p> <p><u>2013-14</u></p> <p>For 2013-14, first allocate Sales and Use Tax Growth funds to the Support Services Account and the Law Enforcement Services Account the “amounts necessary to provide full base funding or the appropriate level of funding as described in this act.” If there are insufficient funds to fully fund the subaccounts, distribute on the same proportion as the two accounts received from the Local Revenue Fund 2011 in 2013-14. Once a prior year base shortfall is addressed, allocate 65% to the Support Services growth Subaccount and 35% to the Law Enforcement Services Subaccount.</p> <p>Defines the “amount necessary to provide the appropriate level of funding” for the Law Enforcement Services Account as:</p> <ul style="list-style-type: none"> ▪ The greater of the amounts that either the predecessor of the Trial Court Subaccount received in 2011-2 OR the total amount the Trial Court Subaccount and its Growth Special Accounts received in 2012-13, plus ▪ The greater of the amounts that either the predecessor of the Juvenile Justice Subaccount received in 2011-2 OR the total amount the Juvenile Justice Subaccount and its Growth Special Accounts received in 2012-13, plus ▪ The maximum amount permitted to be allocated to the Community Corrections Subaccount, plus ▪ The maximum amount permitted to be allocated to the DA/PD Subaccount. <p>Defines the “amount necessary to provide the appropriate level of funding” for the Support Services Account as:</p> <ul style="list-style-type: none"> ▪ The maximum amount permitted to be allocated to the Behavioral Health Subaccount, plus

Section	Purpose
	<ul style="list-style-type: none"> ▪ The maximum amount permitted to be allocated to the Protective Services Subaccount. <p><u>2014-15</u></p> <p>For 2014-15, first allocate Sales and Use Tax Growth funds to the Support Services Account and the Law Enforcement Services Account the “amounts necessary to provide full base funding or the appropriate level of funding as described in this act.” If there are insufficient funds to fully fund the subaccounts, distribute on the same proportion as the two accounts received from the Local Revenue Fund 2011 in 2014-15. Once a prior year base shortfall is addressed, allocate 65% to the Support Services growth Subaccount and 35% to the Law Enforcement Services Subaccount.</p> <p>Defines the “amount necessary to provide the appropriate level of funding” for the Law Enforcement Services Account as:</p> <ul style="list-style-type: none"> ▪ The greater of the amounts that either the Trial Court Subaccount and its growth special account received in a single fiscal year since 2012-13 OR the amount applicable predecessor account received in 2011-12, plus ▪ The greater of the amounts that either the Juvenile Justice Subaccount and its growth special account received in a single fiscal year since 2012-13 OR the amount applicable predecessor account received in 2011-12, plus ▪ The greatest amount received by the Community Corrections Subaccount in a single year since 2012-13, plus ▪ The greatest amount received by the DA/PD Subaccount in a single year since 2012-13. <p>Defines the “amount necessary to provide the appropriate level of funding” for the Support Services Account as:</p> <ul style="list-style-type: none"> ▪ The greater of either the maximum amount that could be allocated OR the largest amounts actually received by to the Behavioral Health Subaccount and its special growth account in a single year since 2012-13, plus ▪ The greater of either the maximum amount that could be allocated OR the that should have been allocated to the Protective Services Subaccount. <p><u>2015-16</u></p> <p>For 2015-16 and beyond, first allocate Sales and Use Tax Growth funds to the Support Services Account and the Law Enforcement Services Account the “amounts necessary to provide full base funding as described in this act.” If there are insufficient funds to fully fund the subaccounts, distribute on the same proportion as the two accounts received from the Local Revenue Fund 2011 in the fiscal year at issue. Once a prior year base shortfall is addressed, allocate 65% to the Support Services growth Subaccount and 35% to the Law Enforcement Services Subaccount.</p> <p>Defines the “amount necessary to provide the appropriate level of funding” for the Law Enforcement Services Account as:</p>

Section	Purpose
	<ul style="list-style-type: none"> ▪ The greater of the amounts that either the Trial Court Subaccount and its growth special account received in a single fiscal year since 2012-13 OR the amount applicable predecessor account received in 2011-12, plus ▪ The greater of the amounts that either the Juvenile Justice Subaccount and its growth special account received in a single fiscal year since 2012-13 OR the amount applicable predecessor account received in 2011-12, plus ▪ The greatest amount received by the Community Corrections Subaccount and its growth special account received in a single fiscal year since 2014-15 OR the highest amount he Subaccount or its applicable predecessor received since 2012-13, plus ▪ The greatest amount received by the DA/PD Subaccount and its growth special account received in a single fiscal year since 2014-15 OR the highest amount he Subaccount or its applicable predecessor received since 2012-13. <p>Defines the “amount necessary to provide the appropriate level of funding” for the Support Services Account as:</p> <ul style="list-style-type: none"> ▪ The greater of either the maximum amount that could be allocated OR the largest amounts received by the Behavioral Health Subaccount and its special growth account in a single year since 2012-13, plus ▪ The greatest of the following 3 options: (1) maximum amount that could be allocated, (2) amount that should have been allocated, or (3) highest amount received by the Protective Services Account and its growth special account in a single year since 2012-13. <p>Law Enforcement Growth Allocations</p> <p><u>2012-13</u></p> <ul style="list-style-type: none"> ▪ 10% to Trial Court Security Growth Special Account ▪ 5% to DA/PD Growth Special Account ▪ 10% to Juvenile Justice Growth Special Account ▪ 75% to Community Corrections Growth Special Account <p>Beginning in 2013-14, for Trial Court Security and the Juvenile Justice Account base + growth = new base.</p> <p>The DA/PD and Community Corrections Growth subaccounts, base + growth = new base starting in 2015-16.</p> <p>Support Services Growth Allocations</p> <p><u>2012-13</u></p> <p>From the Support Services Growth Subaccount allocate:</p> <ul style="list-style-type: none"> ▪ 5% to the Mental Health Subaccount (1991) ▪ 40% for child welfare services to the Protective Services Growth Special Account ▪ 42.03% to the Protective Services Growth Special Account ▪ 12.97% to the Behavioral Health Growth Special Account

Section	Purpose
	<p><u>2013-14</u></p> <p>Designates starting 40 percent of Supportive Services Growth is dedicated to child welfare services until a full \$200 million is reached.</p> <p>From the Support Services Growth Subaccount allocate:</p> <ul style="list-style-type: none"> ▪ 5% to the Mental Health Subaccount (1991) ▪ 40% for child welfare services to the Protective Services Growth Special Account ▪ 21.81% to the Protective Services Growth Special Account ▪ 33.19% to the Behavioral Health Growth Special Account <p>Defines how growth is counted for determining base.</p> <p>DOF certifies that \$200 million has been allocated for child welfare services and notifies the Controller.</p> <p>Once the \$200 million is paid to child welfare services, allocate from the Support Services Growth Subaccount as follows:</p> <ul style="list-style-type: none"> ▪ 5% to the Mental Health Subaccount (1991) ▪ 45% to the Protective Services Growth Special Account ▪ 50% to the Behavioral Health Growth Special Account
Govt Code §30027.9.1 pp. 34-35	<p>County Intervention Support Services Subaccount</p> <ul style="list-style-type: none"> ▪ Allows Department of Health Care Services to notify the Controller, DOF and a county that said county is failing to perform a federal Medicaid program (applies to Drug Medi-Cal and specialty mental health services) to the extent federal Medicaid funds are at risk. The Controller then deposits the county's revenues for the program in question into the County Intervention Support Services Subaccount. ▪ This section is intended to cover a case where a county exercises its right of first refusal for specialty mental health services or a county refuses to perform Drug Medi-Cal or is performing inadequately (beneficiaries are not receiving entitled services). ▪ DHCS will have access to those funds in the County Intervention Support Services Subaccount. ▪ DHCS notifies the Controller to stop putting funds into the County Intervention Support Services Account
Govt Code §30027.9.2 p. 35	<ul style="list-style-type: none"> ▪ The language from this section originated in the constitutional amendment. The constitutional amendment says that 2011 Realignment legislation will define the method for determining the amount that counties would otherwise receive if the revenue source changes. Also includes continuous appropriation language. ▪ In the constitutional amendment, this section has the priority order of payments. That language can only be put in the constitution – not in statute. Hence, it is not included in the TBL.
Govt Code §30028	Defines how Juvenile Justice Account funds are allocated to the subaccounts prior to 2012-13.

Section	Purpose
pp. 35-36	
Govt Code §30028.1 p. 36	Defines how funds are allocated to the Juvenile Justice Subaccount and to its Special Accounts in 2012-13 and beyond.
Govt Code §30028.5 pp. 36-37	Defines how funds are allocated to the Health and Human Services Account in 2011-12 and repeals this section on January 1, 2014.
ALLOCATING FUNDS FROM THE STATE FUNDS TO LOCAL FUNDS	
Govt Code §30029 pp. 37-43	Clarifies that the 2011-12 fiscal year includes the cash received in July and August of 2012. Repeals this section on January 1, 2014.
Govt Code §30029.05 pp. 43-52	<ul style="list-style-type: none"> ▪ Establishes process for allocating funds to counties in 2012-13 and beyond. ▪ Allocates Mental Health Account funds to the Mental Health Subaccount of the Sales Tax Account in the Local Revenue Fund (1991) on the 20th of each month. ▪ Allocates Trial Court Security Subaccount funds on a county-by-county basis. ▪ Allocates Local Community Corrections Subaccount funds on a county-by-county basis for 2012-13 and 2013-14. Beginning in 2014-15, funds shall be allocated pursuant to a schedule developed by DOF in consultation with CSAC. ▪ Allocates the DA/PD Subaccount funds on a county-by-county basis for 2012-13 and 2013-14. Beginning in 2014-15, funds shall be allocated pursuant to a schedule developed by DOF in consultation with CSAC. ▪ Allocates funds to the Enhancing Law Enforcement Activities Subaccount. ▪ Specifies the allocation out of the Enhancing Law Enforcement Activities Special Growth Account to specified local public safety programs.
Govt Code §30029.07 52-55	<ul style="list-style-type: none"> ▪ Specifies that the funds in the Special Growth Accounts at the state level shall be allocated to the corresponding subaccounts at the local level. The funds will be allocated pursuant to a schedule developed by DOF with criteria, in consultation with CSAC. ▪ Beginning in 2015-16, requires each county treasurer to deposit 10% of funds received that fiscal year from each of the following into the Local Innovation Subaccount: Trial Court Security Growth Special Account, Community Corrections Growth Special Account, DA/PD Growth Special Account and Juvenile Justice Growth Special Account. ▪ \$200 million for child welfare services will be allocated monthly, per statute (percentages still need to be filled in). ▪ Sets aside a portion of the Protective Services Growth Subaccount to counties who meet spending thresholds that would have allowed the county access to the CWS Augmentation fund. Exempts counties under 50,000 from the expenditure requirement. ▪ Includes a statutory allocation for the CWS Augmentation by county (percentages still need to be filled in). ▪ Specifies that in 2012-13, 90% of the Protective Services Growth Special Account shall be allocated in the same proportion as the 2012-13 base funding. In 2013-14 and beyond, allocate in the same proportion as the base funding is allocated for that fiscal year. DSS, after consulting with CSAC shall provide a schedule to the Controller.

Section	Purpose
	<ul style="list-style-type: none"> ▪ For 2012-13, the Community Corrections Growth Special Account shall be allocated by the Controller pursuant to a schedule provided by DOF. DOF shall consider a number of factors articulated in paragraphs (e)(1-7).
Govt Code §30029.1.1 pp. 55-56	Allocations out of the Juvenile Justice Subaccount to counties.
Govt Code §30029.2 pp. 56-57	Repeals the 2011-12 HHS allocations on January 1, 2014.
Govt Code §30029.2.1 pp. 57-59	<ul style="list-style-type: none"> ▪ Specifies the county-by-county allocations out of the Protective Services Subaccount in 2012-13 (percentages need to be filled in), includes a 59th county for purposes of contracting back for state programs. ▪ Designates an amount for state contracts. ▪ Specifies the county-by-county allocations process of the Protective Services Subaccount in 2013-14 and beyond, pursuant to a schedule.
Govt Code §30029.2.2 p. 59	Behavioral Health Subaccount shall be allocated pursuant to a schedule provided by DOF in consultation with CSAC.
Govt Code §30029.2.3 pp. 59-60	Contracting. A county or counties may contract back with state for Drug Medi-Cal or agency adoptions. Counties may contract with another county, joint powers agreement or county consortium for any program, service or activity. Exempts state contracts from the Public Contract Code
Govt Code §30029.2.4 pp. 60-61	Contract Special Account. Allows a county to contract with DSS for specified state services on behalf of all counties. The designate county receives the allocation as the 59th item in the allocation schedule. If full funding is not provided, DSS can reduce the contract.
Welfare & Institutions Code §1954 (p. 61)	Repeals the section appropriating Youthful Offender Block Grant funds, given that Govt Code §§30028.1 and 30029.1.1 define allocation methodology for 2012-13 and beyond..
Welfare & Institutions Code §17600.05 p. 62	Mental Health Growth Subaccount. Creates a Mental Health Growth Subaccount in the 1991 Realignment structure to receive growth funds from the 2011 Realignment. Clarifies that the growth deposited in the Mental Health Growth Subaccount shall not be used for calculating 1991 growth.
Welfare & Institutions Code § 17601.20 pp. 62-63	<ul style="list-style-type: none"> ▪ Transfers \$93,379,252 into the CalWORKs MOE Subaccount monthly. ▪ Clarifies that the deposits into the Mental Health Subaccount shall not be used for calculating 1991 base or growth.