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February 4, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: William T Fujioka
Chief Executive Officer

STATE BUDGET – UPDATED ANALYSIS OF THE GOVERNOR'S REALIGNMENT PROPOSAL

As requested by your Board on February 1, 2011, this memorandum provides additional information relating to the potential County impact from the Governor's Realignment Proposal (Item No. A-5, Agenda of February 1, 2011).

As reported in the January 28, 2011 Sacramento Update, Governor Jerry Brown's FY 2011-12 Proposed Budget contains a Realignment Proposal that seeks to reduce a portion of the State's $25.4 billion deficit by shifting full program and financial responsibility for various public safety programs, including: emergency services and fire, court security, local public safety program, lower-level offenders, adult parole and juvenile justice. The proposal also includes child welfare services, foster care, adult protective services, and certain mental health services. The first phase would be implemented in FY 2011-12 and would designate $5.9 billion for the realigned programs.

The Governor proposes to provide $5.9 billion in funding for the realigned programs by asking California voters to approve the extension of the 1.0 percent sales tax rate increase ($4.5 billion) and the 0.5 percent Vehicle License Fee (VLF) rate increase ($1.4 billion) for five years at a June 2011 Special Election.

Estimated County Impact from the Realignment Proposal

As previously indicated, the Governor's Realignment Proposal does not contain sufficient information at this time for counties to adequately assess the proposal and determine fiscal and programmatic impact, financing requirements, identify implementation issues, determine new county administrative responsibilities, or to develop alternative solutions to recommend to the Administration. The State Department of Finance has released some data, but detailed information is still lacking. The availability of this information is critical for this office and affected County departments to better assess each program and make recommendations to improve the overall Realignment effort.

However, based on the information available to date, attached is an updated version of the County's Preliminary Analysis of the Realignment Proposal. **Overall, if the Realignment Proposal is enacted, the County would assume an estimated $1.41 billion in State program and financial responsibilities starting in FY 2011-12, which is projected to increase to an estimated $1.87 billion by FY 2014-15 when the first phase is projected to be fully implemented.** It should be noted that estimates for realignment allocations to County programs are based on information available from various State Departments at this time, and it may not accurately reflect the actual impact to the County from assuming the State's operational and financial responsibilities for these programs.

Attachment I provides the potential impact from the transfer of fiscal responsibilities to the County from phase one of the Realignment Proposal. Attachment II provides a full analysis by program. Attachment III is a general fact sheet of the 1991 Realignment Program. Attachment IV contains a comparison of the Governor's Realignment Proposal and the 1991 Realignment funding allocations, and Attachment V is a budget chart which identifies County departments affected by the Governor's Realignment Proposal and the amount of funding received from the 1991 Realignment Program.

This County is committed to continue working with the Governor and the Legislature in developing legislative solutions for the restructuring of the State-County relationship, which would allow for any program realignment or restructuring to be shifted with appropriate local control, administrative flexibility, and a dedicated, long-term, stable source of revenue to fund the additional responsibilities undertaken by the County.

We will continue to keep you advised.

WTF:RA:MR
VE:OR:GA:sb

Attachments

c: All Department Heads
Legislative Strategist

LOS ANGELES COUNTY
POTENTIAL TRANSFER OF PROGRAM RESPONSIBILITY
FROM THE GOVERNOR'S FY 2011-12 REALIGNMENT PROPOSAL - PHASE I

	Realignment Proposals - Cost Shift			
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Mental Health Programs [1]				
AB 3632 Services [2]	28,900,000	29,120,000	29,120,000	29,120,000
Managed Care [2]	51,100,000	51,408,000	51,408,000	51,408,000
EPSDT Program [2]	161,100,000	162,120,000	162,120,000	162,120,000
Public Health				
Substance Abuse Treatment Programs [2]	75,300,000	75,300,000	75,300,000	75,300,000
Social Services				
Foster Care and Child Welfare Services [2]	557,000,000	557,000,000	557,000,000	557,000,000
Adult Protective Services [2]	14,300,000	14,300,000	14,300,000	14,300,000
Realignment of Public Safety Programs [1]				
Shift of Low-Level Offenders to Counties [3] & [4]	170,000,000	268,300,000	377,100,000	485,000,000 [6]
Adult Parole Services	36,500,000 [3]	? [5]	? [5]	132,000,000 [6]
Remaining Juvenile Justice Programs	21,200,000 [3]	? [5]	? [5]	65,800,000 [6]
Vehicle License Fee Funding for Public Safety Programs [2]	137,100,000	? [5]	? [5]	137,100,000
Court Security [2]	161,000,000	161,000,000	161,000,000	161,000,000
CAL FIRE	? [5]	? [5]	? [5]	? [5]
TOTAL	**$1,413,500,000**			**$1,870,148,000**

Notes:

(1) These estimates are based on preliminary percentage share of the statewide caseload, as provided by various State departments.

(2) The Governor's Realignment Proposal assumes no growth for these programs.

(3) According to California Department of Corrections and Rehabilitation (CDCR), reduction to CDCR's population will be on a prospective basis and certain types of offenders will be handled by the State. Therefore, estimates exclude State costs that will be reimbursed to the State from the realignment revenues, specifically, only revenues available to the counties are considered.

(4) These estimates are based on the current average daily cost per inmate as developed by the Auditor-Controller and the cost does not include any cost increases or non-routine medical or mental health costs, and special services.

(5) There is insufficient information to assess the County impact of this proposal.

(6) These estimates reflect full implementation of the Governor's Realignment Proposal.

This table represents the preliminary estimate based upon the Governor's Realignment Proposal. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.

LOS ANGELES COUNTY
REALIGNMENT PROPOSAL PRELIMINARY ANALYSIS
"PHASE ONE – PUBLIC SAFETY"

Updated as of February 4, 2011

Overview

The Governor's Budget contains a proposal that would shift an estimated $10.0 billion in major program responsibilities from the State to counties by FY 2014-15. The first phase would be implemented in FY 2011-12 and would designate $5.9 billion in funding to initiate the shift of program responsibilities from the State to counties for various public safety programs including: emergency services and fire, court security, local public safety program, lower-level offenders, adult parole and juvenile justice. The proposal also expands the definition of public safety to include: child welfare services, foster care, adult protective services, and certain mental health services.

The Governor proposes to provide $5.9 billion in funding for the realigned programs by extending the 1.0 percent sales tax rate increase ($4.5 billion) and the 0.5 percent Vehicle License Fee (VLF) rate increase ($1.4 billion) for five years, subject to voter approval at a June 2011 Special Election.

In FY 2011-12, the realigned mental health services will be funded through the redirection of $861.0 million in one-time Mental Health Services Act funds and the same services will be funded with Realignment funding in future years.

Estimated County Impact From Realignment Proposal

Based on limited information available from the State Department of Finance, **if the Realignment Proposal is enacted, the County would assume an estimated $1.41 billion in State program and financial responsibilities starting in FY 2011-12, projected to increase to an estimated $1.87 billion by FY 2014-15 when the first phase is scheduled to be fully implemented. However, these cost estimates are based on the Department of Finance estimates and may not accurately reflect the cost impact to the County from assuming State operational and financial responsibilities for these programs, and may be significantly greater.** The estimated transfer of program and financial responsibilities to the County is as follows:

PROGRAMS	FY 2011-12	FY 2014-15
Mental Health Programs		
AB 3632 Services[1]	$ 28,900,000	$ 29,120,000
Managed Care[2]	$ 51,100,000	$ 51,408,000
EPSDT Program[1]	$161,100,000	$162,120,000
Public Health		
Substance Abuse Treatment Programs[1]	$ 75,300,000	$ 75,300,000
Social Services		
Foster Care and Child Welfare Services[1]	$557,000,000	$557,000,000
Adult Protective Services[1]	$ 14,300,000	$ 14,300,000
Realignment of Public Safety Programs		
Shift of Low-Level Offenders[2]	$170,000,000	$485,000,000
Adult Parole Services[2]	$ 36,500,000	$132,000,000
Remaining Juvenile Justice Programs[2]	$ 21,200,000	$ 65,800,000
VLF Funding for Public Safety Program[1]	$137,100,000	$137,100,000
Court Security[1]	$161,000,000	$161,000,000
CAL FIRE[2]	?	?
TOTAL	**$1,413,500,000**	**$1,870,148,000**

[1] Reflects complete transfer of all State financial responsibilities for existing County-administered programs.
[2] Reflects complete transfer of new administrative responsibilities currently handled by the State.

REALIGNMENT PROPOSAL - FUNDING

Proposal to Fund Phase One of Realignment

The Realignment Proposal would designate $5.9 billion in FY 2011-12 to initiate the shift of program responsibilities from the State to counties for various programs, including: local public safety programs, transfer of lower-level offenders, adult parole, juvenile justice, fire, emergency services, court security, child welfare services, foster care, adult protective services, and certain mental health services.

The Governor proposes to fund the $5.9 billion in realigned programs by extending the 1.0 percent sales tax rate increase ($4.5 billion) and the 0.5 percent VLF rate increase ($1.4 billion) for five years, subject to voter approval at a June 2011 Special Election.

Estimated County Impact

Based on limited information available at this time, **if the Realignment Proposal is enacted, the County would assume an estimated $1.41 billion in additional program and financial responsibilities starting in FY 2011-12, which is projected to increase to an estimated $1.87 billion by FY 2014-15 when the first phase is fully implemented.**

County Risk Assessment (Issues/Concerns)

- Proposed funding appears to be significantly lower than the cost of realigned programs in most program areas.
- Proposed revenues would not match the caseload and/or program growth of the realigned programs and the proposal does not account or provide for cost of living adjustments or provide a means to adjust revenues to accommodate shortfalls.
- The Governor's proposal for $5.9 billion in tax extensions requires voter approval.
- Proposed revenues (sales tax and VLF) would be in effect for five years only. What would happen in year 6 and beyond?
- The Governor's revenue projections assume an aggressive annual growth rate of 5.59 percent for sales tax and 5.54 percent VLF between FY 2011-12 and FY 2014-15.
- Historically, economic downturns drive down sales tax and VLF revenues, while caseloads for county programs increase exponentially, placing greater cost pressures on counties.

Potential County Risk Mitigation Recommendations

- **Constitutionally Guaranteed Revenue Stream.** The Realignment Proposal must include a constitutional guarantee to provide counties with a permanent, dedicated and stable revenue source to support program realignment for as long as counties retain these new program responsibilities. These revenues must be guaranteed beyond five year period currently being proposed. This dedicated revenue should be either property tax, sales tax, vehicle license fees or some combination of the three.
- **Revenue Adequacy.** Any final Realignment package must include trigger language that would allow for realigned programs to be suspended, curtailed, or eliminated if there are shortfalls in the temporary new taxes or the constitutionally guaranteed backfill. One of the biggest problems in Realignment is the potential for an imbalance between program costs

and revenues. Since counties have far almost no independent revenue-raising authority, the Realignment package should provide counties with the necessary protections to address potential underfunding of realigned programs, and base line funding to help address future revenue shortfalls.

- **State Program Participation.** The State should retain responsibility and a share of cost for all realigned programs, which are federally funded and regulated, in order to ensure statewide uniformity. The State's continued financial participation is vital to ensure that California will receive the maximum amount of Federal funds to which it is entitled.

- **Needs based allocation of revenue among counties.** State use of a single population-based block grant allotment of all realignment revenue to individual counties would address the needs under realignment for the County. Such an allocation methodology is likely to result in an extremely inequitable allocation of revenue because each county's relative needs and additional costs for realigned programs will vary significantly from its share of the total state population. The allocation methodology, instead, should take into account: The extent to which counties will have flexibility and control over each realigned program, especially over costs and caseloads; and each county's relative needs and additional costs for realigned programs. Allocating all realignment revenue to individual counties through a single block grant allotment, based on population, erroneously assumes that each county's relative need for funding of realigned programs will match their percentage share of the total state population and that counties will have considerable flexibility and control over the use of funds.

MENTAL HEALTH PROGRAMS

Mental Health Proposals

In FY 2011-12, the Realignment Proposal would transfer $861.2 million statewide from the Mental Health Services Act (Proposition 63) to the State General Fund to fund the shift of financial responsibilities for the non-Federal share of cost for County-administered programs including: the Mental Health Managed Care ($183.6 million), Early Periodic Screening, Diagnosis, and Treatment (EPSDT) ($579.0 million), and AB 3632 Special Education ($104.0 million). These programs are currently administered by the counties and funded by a combination of Federal, State and county funds.

Beginning in FY 2012-13, the Governor proposes to provide $866.6 million in realignment funding for the Mental Health Managed Care, EPDST and AB 3632 programs, subject to voter approval of the sales tax and VLF extensions.

In addition, the Governor proposes to shift Community Mental Health Services funded under the 1991 Realignment ($1.07 billion) to the 2011 Realignment. According to the Legislative Analyst's Office (LAO), the Governor intends to use 1991 Realignment funding for other purposes. However, there are no details on this element of the Governor's proposal.

Estimated County Impact From Realignment Proposal

In FY 2011-12, the Department of Mental Health (DMH) indicates that the County's share of redirected Proposition 63 funding would be approximately $241.1 million for the realignment of Mental Health Managed Care, EPDST and AB 3632 Programs. Starting in FY 2012-13, based on a 28.0 percent share of the statewide caseload, the County's share of the additional financial responsibilities would be $242.6 million to administer these existing County programs.

County Risk Assessment (Issues/Concerns)

- The Chief Executive Office (CEO) and DMH believe that the Proposition 63 fund shift violates the non-supplantation provisions of the initiative which requires passage of a voter-approved initiative. The Realignment Proposal states that the fund shift could be enacted by a two-thirds vote of the Legislature.

- The Department of Mental Health indicates that the shift of Proposition 63 revenues in FY 2011-12 could affect the allocation of funding to counties in FY 2012-13 or FY 2013-14, and could destabilize County mental health funding in the future.

- The Realignment Proposal needs to provide a State share of costs to ensure uniformity in these programs. According to the LAO report, programs where statewide uniformity is vital usually are more effectively controlled and funded by the State.

AB 3632 Program

Proposal

Under the Realignment Proposal, the State financial and program responsibilities of the AB 3632 Program would be transferred to the County. The Federal funding share would remain the same. Of the Governor's $861.2 million proposal to fund realigned mental health programs, $104.0 million statewide would be allocated for the AB 3632 Program.

Existing County Program

The Department of Mental Health administers the AB 3632 Program which provides outpatient mental health services except for crisis intervention and rehabilitation for students with an Individual Education Plan approved by a local school district. The students do not have to meet medical necessity or income requirements. The DMH total AB 3632 Program funding is $53.4 million in FY 2010-11. This amount does not reflect Governor Schwarzenegger's action in October 2010 in which he vetoed all State funding and suspended the State mandate for the AB 3632 Program.

Federal:	$20.4 million
State:	$33.0 million
County:	$ 0.0
Total:	$53.4 million

The current caseload for the AB 3632 Program is approximately 4,430 cases.

Existing Mandates

Federal Mandate:

- The Federal Individuals with Disabilities Education Act of 1976 requires schools to provide disabled students necessary services including, mental health services to benefit from their education.

State Mandate:

- In 1984, AB 3632 designated county mental health departments as responsible for providing mental health services to disabled students as a State reimbursable mandate to counties.

Estimated County Impact From Realignment Proposal

Based on a 28.0 percent share of the statewide caseload, the County's estimated share of the realigned financial responsibilities for the AB 3632 Program would be approximately $29.1 million. In comparison to the County's FY 2010-11 Budget, the estimated realignment allocation would be $3.9 million less in FY 2011-12 for the County. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.

County Risk Assessment (Issues/Concerns)

- The Legislative Analyst's Office indicates that the Governor's plan understates the cost of the AB 3632 Program by $200.0 million.

- The State mandate and funding for the AB 3632 Program was suspended by Governor Schwarzenegger in the FY 2010-11 State Budget. The Federal mandate for schools to

provide these services remains in place; Governor Schwarzenegger's action is currently under several legal challenges and remains in litigation.

- The County is currently owed $187.0 million in 2004 and prior State mandate claims. Historically, the majority of these claims are for County AB 3632 Program cost.

Potential County Risk Mitigation Recommendations

- This is a Federal entitlement program and its mandate must remain with the State.
- The AB 3632 Program mandate should not be considered for realignment while legal challenges remain unresolved.
- Seek legislation to shift responsibility for this program back to K-12 schools with an option to contract with county mental health or other mental health providers for services.
- Seek legislation to specify that county mental health departments should not be responsible for residential costs of mental health treatment.
- Seek legislation to relax the existing State mandate to specify that services should only be provided to the extent that funding is available.

Early Periodic Screening, Diagnosis and Treatment Program

Proposal

Under the Realignment Proposal, the State financial and program responsibilities for the Early Periodic Screening, Diagnosis and Treatment Program (EPDST) Program would shift to the County. The Federal funding share would remain the same. Of the Governor's $861.2 million proposal to fund realigned mental health programs, of which $579.0 million statewide would be allocated for the EPSDT Program.

Existing County Program

The Department of Mental Health administers this program which provides mental health services to low-income children under the age of 21 who meet Medi-Cal eligibility criteria. Currently, the costs are shared 50 percent Federal, 50 percent State, with counties assuming 10 percent share of the cost for caseload growth. The DMH total EPSDT Program funding is $645.0 million in FY 2010-11, as follows:

Federal:	$384.4 million
State:	$224.6 million
County:	$ 36.0 million
Total:	$645.0 million

The current caseload for the EPSDT Program is approximately 70,100 cases.

Existing Mandates

Federal Mandate:

- The Omnibus Budget Reconciliation Act of 1989 and Section 1905(r)(5) of the Social Security Act established EPSDT as a component of the Medicaid Program to provide comprehensive and preventive child health program services for individuals under the age of 21.

- Federal law requires states to inform all Medicaid-eligible persons under age 21 that EPSDT services are available; provide or arrange for screening services as requested; arrange (directly or through referral) for treatment which is disclosed by child health screenings; and report EPSDT performance information annually.

State Mandate:

- California has expanded the EPSDT Program at the direction of the courts.

Estimated County Impact From Realignment Proposal

Based on a 28.0 percent share of the statewide caseload, the County share of the realigned financial responsibilities for the EPSDT Program would increase by approximately $162.1 million. In comparison to the County's FY 2010-11 Budget, the estimated realignment allocation would be $62.5 million less in FY 2011-12 for the County. The Realignment Proposal does not account for any cost increases through FY 2014-15.

Potential County Risk Mitigation Recommendations

- The State must retain a share of costs for the EPSDT Program subject to provisions of the Federal Affordable Care Act which prohibits states from requiring local governments to incur a percentage of non-Federal costs for Medi-Cal programs as a condition of receiving enhanced Federal Medical Assistance Percentage (FMAP).

- Realignment must address how the State and County will manage responsibilities for the various Federal requirements of this program.

- Seek legislation to eliminate the State Maximum Allowances for Federal Reimbursement for EPSDT services and instead use Federal Upper Payment Limits.

Mental Health Managed Care Program

Proposal

The Realignment Proposal would provide $861.1 million to fund the transfer of financial and program responsibilities from the State to counties for the realigned mental health programs, of which $183.6 million statewide would be allocated for the Mental Health Managed Care Program.

Existing County Program

The Department of Mental Health administers this program which provides psychiatric inpatient hospital services and Medi-Cal outpatient treatment services. The DMH total Mental Health Managed Care Program funding is $50.9 million in FY 2010-11, as follows:

Federal:	$ 7.0 million
State:	$35.9 million
County:	$ 8.0 million
Total:	$50.9 million

Caseload for the Mental Health Managed Care Program is as follows:

- **Managed Care Services:** including Acute Psychiatric Inpatient Hospital Services and Administrative Day Services.

Adults:	8,434
Children:	2,731
Total:	11,165

- **Specialty Mental Health Services:** including, Mental Health Assessment, Individual, Family, and Group Psycho Therapy, Medication Support, Electroconvulsive Therapy, Psychological Testing, Team Conference/Case Consultation, Emergency Room Services, Professional Services at Hospitals or Residential Care Facilities, Evaluation and Management Services and Targeted Case Management

Unique Clients:	37,538
Child:	5,762
TAY:	5,482
Older Adults:	5,342
Adult:	20,952
Total:	75,076

Existing Mandates

Federal Mandate:

- This federally mandated program is provided under a comprehensive Medicaid Waiver which requires the State to provide outpatient specialty mental health services, such as clinic outpatient services, psychiatrists, psychologists and some nursing services, as well as psychiatric inpatient hospital services.

State Mandate:

- California Code of Regulation, Title 9, Chapter 11, sections 1810.100 to 1850.535 and Welfare and Institution Code 14680 establishes State requirements for Mental Health Managed Care.

- State law requires County Mental Health Plans to ensure that services are provided and Medi-Cal clients obtain specialty mental health services through the County. The County contracts with local providers for these services.

Estimated County Impact From Realignment Proposal

Based on a 28.0 percent share of the statewide caseload, the County's share of the realigned financial responsibilities for the Mental Health Managed Care Program would be approximately $51.4 million. In comparison to the State's FY 2010-11 allocation, the County could potentially receive an additional $5.5 million in FY 2011-12. However, the proposal does not account for any cost increases through FY 2014-15.

Potential County Risk Mitigation Recommendations

- The State should retain responsibility and a share of cost for this federally-funded and regulated program.

- Seek legislation to eliminate the State-only Medi-Cal rules that limit the County's access to Federal reimbursement.

- Seek legislation to eliminate the 15 percent cap on administrative costs. Instead, use Federal requirements to permit full-cost reimbursement to counties.

- Seek legislation to eliminate the State 6-month deadline for claims submission. Instead, use the Federal 12-month deadline for claims submission.

SUBSTANCE ABUSE TREATMENT

Proposal

The Realignment Proposal would transfer $184.0 million statewide in funding from the State to counties to assume financial responsibilities to administer prevention, treatment and recovery services for alcohol and drug abuse. The programs proposed to be realigned include: Drug Medi-Cal, Non-Drug Medi-Cal Perinatal and Non-Drug Medi-Cal Regular, Comprehensive Drug Court Implementation Act, Dependency Drug Court, and Drug Court Partnership Act.

Existing County Program

The Substance Abuse Prevention and Control (SAPC) Program, a division of the Department of Public Health, has the primary responsibility of administering the County's alcohol and drug programs. SAPC provides a wide array of alcohol and other drug prevention, treatment, and recovery programs and services for individuals through contracts with over 150 community-based organizations. The primary recipients of alcohol and drug treatment, recovery, and intervention services are Los Angeles County residents, particularly those who are uninsured and/or underinsured. The budget for these programs in FY 2010-11 is as follows:

Programs	Federal	State	County/Local Match	TOTAL
Drug Medi-Cal	$64.3 million	**$40.1 million**		$104.5 million
Perinatal Drug Medi-Cal	$ 0.8 million	**$ 0.5 million**		$ 1.3 million
Comprehensive Drug Court Implementation		**$ 4.2 million**	$0.8 million	$ 5.1 million
Dependency Drug Court Program		**$ 1.3 million**	$0.3 million	$ 1.5 million
Drug Court Partnership		**$ 0.4 million**	$0.08 million	$ 0.5 million
State General Fund Perinatal		**$ 5.5 million**	$0.4 million	$ 5.9 million
State General Fund Discretionary		**$ 1.6 million**	$0.2 million	$ 1.8 million
TOTAL	**$65.1 million**	**$53.6 million**	**$1.7 million**	**$120.6 million**

Existing Mandates

None. However, Drug Medi-Cal is a locally-administered component of the Medi-Cal Program. Counties can opt out of the program. Counties that opt in must meet Federal Medicaid requirements.

Estimated County Impact From Realignment Proposal

The Department of Public Health (DPH) indicates that the County's estimated share of realigned financial responsibilities would be $75.3 million. DPH indicates that this is an increase of approximately $22.2 million above the FY 2010-11 allocation. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.

DPH estimates the projected County allocations for all programs proposed for realignment at:

Program	Federal	State	Realigned Funding to the County	County/Local Match	Total
Drug Medi-Cal	$51.8 million	-	**$59.8 million**		$111.6 million
Perinatal Drug Medi-Cal	$ 1.3 million		**$ 0.6 million**		$ 1.9 million
Comprehensive Drug Court Implementation			**$ 4.2 million**	$ 0.8 million	$ 5.1 million
Dependency Drug Court Program			**$ 1.3 million**	$ 0.3 million	$ 1.5 million
Drug Court Partnership			**$ 0.4 million**	$ 0.08 million	$ 0.4 million
State General Fund Perinatal			**$ 7.4 million**	$ 0.6 million	$ 8.0 million
State General Fund Discretionary			**$ 1.6 million**	$ 0.2 million	$ 1.8 million
Total	**$53.1 million**	**-**	**$75.3 million**	**$1.9 million**	**$130.3 million**

County Risk Assessment (Issues/Concerns)

- The County's projected fiscal need for these programs is anticipated to exceed the fixed $75.3 million annual realignment allocation.

- Expenditures for the Drug Medi-Cal Program have steadily increased. If expenditures for the Drug Medi-Cal Program exceed the realignment allocation, the County will be required to match Federal Medicaid dollars on a one-to-one basis exposing the County to increased costs.

- Currently, the Drug Medi-Cal Program is almost entirely controlled at the State level. The County acts as a pass-through for funding and is responsible for collecting funds from the provider should the State disallow a claim. If a provider goes out of business or is unable to pay, the County is still responsible for the repayment of claims to the State.

- Under the Realignment Proposal, counties would assume responsibility for the entire State share of non-Federal Medicaid cost for the Medi-Cal Drug Program. This appears to conflict with the Federal Affordable Care Act of 2010 which prohibits states from increasing a county's share of non-Federal Medicaid costs without written consent from the county attesting that the contribution is voluntary, and specifies a time period and an amount.

Potential County Risk Mitigation Recommendations

- The State must retain a share of costs for the Drug Medi-Cal Program subject to provisions of the Federal Affordable Care Act which prohibits states from requiring local governments to incur a percentage of non-Federal costs for Medi-Cal programs as a condition of receiving enhanced FMAP funding.

- The Realignment Proposal needs to provide a State Share of Costs to ensure uniformity in these programs. According to the LAO report, programs where statewide uniformity is vital usually are more effectively controlled and funded by the State.

- Seek legislation to allow counties to opt out of the Drug Medi-Cal Program with no penalty.

- Seek legislation to configure the Drug Medi-Cal Program to meet local needs. For example, control client access to services by requiring clients to be screened rather than going directly to service providers.

- Seek legislation to authorize counties to set reimbursement rates, certify providers, and change the menu of treatment services provided.

- Seek legislation to lengthen the Perinatal Program from 60 days to up to 365 days.

FOSTER CARE AND CHILD WELFARE SERVICES

Proposal

The Realignment Proposal would transfer the non-Federal share of financial responsibilities for Foster Care and Child Welfare Services (CWS), including Kin-GAP and adoptions from the State to counties. The Governor's total projected estimate for these programs is $1.605 billion annually statewide, starting in FY 2011-12 through FY 2014-15.

Existing County Programs

The Department of Children and Family Services (DCFS) provides the direct services to all of the Foster Care and Child Welfare Services programs being proposed for realignment. The County's annual State revenue for these programs is approximately $557.0 million. The overall funding for these County-administered programs is $1.4 billion in FY 2010-11, and the breakdown is as follows:

Federal:	$493.8 million
State:	$557.2 million
County:	$382.4 million
Programs Total:	$ 1.4 billion

Caseload:	Over 77,000 which includes about 29,500 for CWS, 25,000 for Adoption, 16,000 for Foster Care, and 6,500 for Kin-GAP.

Existing Mandates

Mandated core programs and activities include, but are not limited, to the following.

Federal Mandate:

- Operate child welfare demonstration project for Title IV-E eligible and non-IV-E eligible children in out-of-home placement or at-risk of entering foster care.
- Promote Safe and Stable Families by helping families alleviate crisis that might lead to out-of-home-placement of children.
- Emergency Assistance which provides the first 30 days of emergency foster care when children are removed from care.
- Operate a 24/7 day a week Child Protection Hotline mandated under Child Abuse Prevention & Treatment Act (CAPTA).
- Operate a 24/7 day a week Emergency Response mandated under CAPTA and Adoption and Safe Families Act.

State Mandate:

- AB 12 which extends foster care for eligible youth up to 21 years of age.
- Provide child abuse prevention services, which include individual, group and family counseling; parent education and in-home family support services.
- Kin-GAP – Enhance family preservation and stability with relative placements that are the permanent plan and dependencies are dismissed and legal guardianship is granted.

Estimated County Impact From Realignment Proposal

Under the Realignment Proposal, DCFS would assume the majority of responsibilities and the non-Federal share of costs, including all administrative costs, for CWS, Foster Care and adoptions. **The County would receive an estimated $557.0 million from the State to assume financial responsibility for these County-administered programs, which significantly rely on Federal funding and requirements and there is very limited, if no, flexibility for counties. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.**

County Risk Assessment (Issues/Concerns)

- The Realignment Proposal does not account or provide for future cost or caseload increases.
- Counties cannot be provided with maximum flexibility and control because these programs significantly rely on Federal funding and regulations.
- The Department of Children and Family Services indicates that the 1991 Realignment revenue for foster care and child welfare has been historically inadequate. Since 1991 Realignment, counties have incurred significantly increased foster care and child welfare costs due to unanticipated Federal policy changes. Other new Federal requirements, such as licensing requirements, Child and Family Services Review standards and Program Improvement Plans, also have resulted in increased costs.
- According to the County Welfare Directors Association, the Realignment Proposal does not address the significant underfunding of CWS and the other programs, which has resulted in diminished services for children and families. CWS has been underfunded by approximately $621.0 million as a result of the 1991 Realignment.
- Non-Federal program costs are expected to grow in future years due to the continued decline in federally eligible foster children, increased Federal requirements, and the cost of implementing the Federal Fostering Connections to Success Act, which expands services to youth up to 21 years of age.
- There is a significant risk that County financing needs will grow faster than the amount of realigned tax revenue that they receive in the future, especially during economic downturns when tax revenues fall and increased financial hardship can cause the incidence of child abuse to increase and may make it more difficult to reunify families.
- The Legislative Analyst's Office report indicates that, in the Governor's plan to realign CWS, the Legislature would need to address how a decentralized system could work with a Federal government that sets regulations, oversees program performance, and assesses State penalties when performance is inadequate.

Potential County Risk Mitigation Recommendations

- Must address the terms of the Title IV-E Waiver counties, which is critical for Los Angeles County. The Realignment Proposal needs to ensure that the County can continue and renew its waiver, and guarantee that its funding is not less than its current commitment with the State. The Realignment Proposal does not currently address the impact to the Title IV-E Waiver counties.
- Provide a State Share of Costs to ensure uniformity in these programs. According to the LAO report, programs where statewide uniformity is vital usually are more effectively controlled and funded by the State.

- Foster Care and CWS Programs may not be conducive for Realignment because these programs rely significantly on Federal funding and are subject to Federal requirements, including the open-ended entitlement requirement that all abused and neglected children be protected and appropriately serviced. On January 25, 2011, the LAO released its report on Child Welfare Realignment which concurs that specifically the Foster Care Program is not well-suited for realignment. The LAO indicates that Foster Care is a Federal entitlement program and even with more flexibility, counties cannot entirely control caseload and costs.

- Possible consideration to delay the implementation of new State mandates, such as AB 12, given the fact that the State has not issued the State Regulations. Further options for flexibility under current mandates are being examined.

ADULT PROTECTIVE SERVICES

Proposal

The Realignment Proposal would transfer $55.0 million in financial responsibilities from the State to counties to fund the Adult Protective Services (APS) Program. The program provides services to persons aged 65 or older who are functionally impaired and who are victims of abuse and neglect.

Existing County Program

The County's APS allocation goes to the Department of Public Social Services and then it is transferred to the Department of Community and Senior Services (CSS). The County's current State allocation for this program is $14.3 million. The overall County-administered program is $30.0 million in FY 2010-11 broken down below.

Federal:	$12.7 million
State:	$14.3 million
County:	$ 3.0 million
Program Total:	$30.0 million

Caseload: Serves approximately 30,000 seniors and dependent adults.

Services: Obtaining assistance of emergency personnel in life-threatening situations; providing counseling and referral services; conducting face-to-face interviews on every client that meets APS criteria; and providing transportation services, food vouchers, and emergency shelter.

Existing Mandates

Federal Mandate: None

State Mandate:

- Operate a 24/7 Program: Specifically SB 2199, enacted in 1998 (Welfare and Institutions Code Section 15750), created a statewide APS Program with statewide standards, and mandated that APS become a 24/7 crisis intervention program with access to an APS social worker to receive referrals and reports of alleged abuse.

- Provide crises intervention services (case management/service plan for each client/victim), as required under SB 2199.

- Investigate all reports of suspected abuse of elders and dependent adults, and conduct a face-to-face visit within 10 calendar days of the suspected abuse reported filed, as required under SB 2199.

- Train and provide support to financial institutions who are mandated reporters, as required under SB 1018, enacted in 2005. (Welfare and Institutions Code Sections 15630.1, 15633, 15634, 15640, 15655.5)

Estimated County Impact From Realignment Proposal

Under the Realignment Proposal, CSS would likely become the local administrative entity for the entire APS program. **The County would assume all APS financial responsibilities, which is approximately $14.3 million from the State. In addition, the Realignment Proposal does not**

account for any cost increases through FY 2014-15. CSS indicates that they do not anticipate a significant change to the County portion of the program under the Realignment Proposal. However, CSS would need additional flexibility and adequate funding under the Realignment Proposal described below.

County Risk Assessment (Issues/Concerns)

- The Realignment Proposal does not account or provide for future cost or caseload increases.

- The Realignment Proposal does not provide specific information on what type of local flexibility would be provided under the realigned program.

Potential County Risk Mitigation Recommendations

- Provide greater local control and flexibility of the program. For example, the program's current State mandates may need to be revised based on funding needs, funding availability and caseload growth. For example:

  - Operation of 24/7 program (Welfare and Institutions Code 15750) may need to operate a Monday through Friday operation with only phone consultation during after-hours and the weekend.
  - Eliminate the face-to-face requirement on certain reports of abuse, and increase 10-day response requirement time to conduct face-to-face interview.
  - Reduce transportation services, food vouchers, emergency shelter and other tangible resource, all which are currently required under Welfare and Institutions Code Section 15760.

- Provide adequate State funding, not only for the current population, but in response to future caseload growth. During the past few years, the County's share of State funding for APS has been reduced by nearly 15 percent ($2.0 million reduction). At the same time, the County's caseloads have increased and are expected to increase by another 10 percent primarily due to a broader awareness of elder abuse services and an increase in the aging population.

- Account for the Medicaid share of costs if the entire APS Program will be transferred to counties.

SHIFT OF LOW-LEVEL OFFENDERS

Proposal

The Realignment Proposal would shift $1.802 billion statewide from the State to counties and transfer financial and program responsibilities for approximately 37,000 non-violent, non-serious, and non-sex offenders to counties to serve their terms locally either in jail or other supervision. The Administration proposes to require that all inmates not currently or previously convicted of a serious, violent, or sex offense be housed in county jails or otherwise managed at the local level, rather than being sent to State prison. The Administration proposes for this change to be made on a prospective basis only. So, no inmates currently in prison would be transferred to the counties.

Under the Governor's Realignment Proposal, counties would receive an estimated $298.4 million in FY 2011-12 to begin managing these offenders locally. As a result, most felon non-serious, non-violent, non-sex inmates would remain in State prison in the budget year and a share of realignment funding ($1.5 billion), would be sent to the State to reimburse CDCR for the costs of housing those offenders. The proposed shift will be phased over a 5-year period with inmates being transferred on a prospective bases. When fully implemented in FY 2014-15, counties would receive an estimated $908.1 million annually to manage these offenders.

Existing County Program

The Sheriff Department's overall baseline Custody budget for FY 2010-11 is $813.9 million, and the breakdown is as follows:

Federal:	$ 57.7 million
State:	$216.2 million
County:	$522.6 million
Other:	$ 17.4 million
Total:	$813.9 million

Caseload: 16,000 inmates

Existing Mandates

None. Non-violent, non-serious, and non-sex offenders are the State's responsibility.

Estimated County Impact From Realignment Proposal

Under the Realignment Proposal, the Sheriff Department would have program and financial responsibilities for non-violent, non-serious, and non-sex offenders that would be shifted to counties to serve their terms locally either in jail or other supervision. **According to the Sheriff's Department, approximately 13,550 non-violent, non-serious, and non-sex offenders will be sentenced prospectively over a 4-year period to County jails instead of State prisons. The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. However, the Sheriff's Department indicates that approximately $140.0 million to $170.0 million would be needed in FY 2011-12 to house 4,500 inmates transferred to the County in the first year. This assumes that these inmates are healthy and not in need of any special services. The Sheriff's Department also indicates that the County may be able to reopen closed jail beds throughout the County to accommodate only the first year inmates. For FY 2014-15, the Sheriff's Department estimates that cost of $485.0 million would be needed to house 13,550 inmates.**

County Risk Assessment (Issues/Concerns)

- According to the Sheriff's Department, this proposal would have a major impact on the County jails and considering jail overcrowding in the County, many inmates could be released back into the community having served only a fraction of their sentences. According to the District Attorney's Office, approximately 15,500 convicted criminals can be on the streets of Los Angeles with minimal supervision.

- The definition of low-level offenders and/or the list of offenses considered non-violent, non-serious, non-sex offenses needs to be refined, as this will significantly affect the magnitude of the impact on counties. According to the Sheriff's Department, the Realignment Proposal refers to non-violent, non-serious, and non-sex offenders as low-level offenders as defined in California Penal Code Sections 1192.7 or 1192.8 or serious offenders as defined in Section 667.5; or sex offenders as defined in Section 290; or those who have had a previous conviction for a serious, violent or sex offense. Some of the offenses on the list are considered serious and violent by County standards.

- The Realignment Proposal needs to consider the start-up costs in addition to ongoing operational costs associated with implementing the realignment that would require counties to build/acquire new facilities; perform facility security updates; and/or reopen existing facilities to accommodate additional inmates. The Sheriff's Department is exploring alternatives to give counties faster access to the AB 900 Jail Construction Bond funds.

- The Realignment Proposal does not address each county's marginal costs, most notably, the additional cost of jailing an additional number of inmate(s) that exceed a county's jail capacity. This proposal could force extremely costly alternatives to be implemented, including capital projects. The allocation of tax revenues and retroactive mandate claim reimbursements are not workable alternatives for financing capital projects.

- According to the Probation Department, to safely implement this proposal, funding must be set at a level that would fully cover the cost of providing County jail beds and other services such as, probation supervision, substance abuse treatment, mental health services, drug court services and alternative custody.

- The Realignment Proposal understates the incarcerated population and length of time incarcerated. The State assumes that the average length of incarceration in county jails will only be 6 months, compared to 24 months in State prisons, and that counties will provide community supervision and/or alternative custody at a far lower cost for the remaining 18 months.

- The Realignment Proposal may shift a significant portion of the State's major unreimbursed cost of incarcerating undocumented aliens. A large number of low-level offenders may be undocumented immigrants and other foreign-born persons of unknown immigration status who have Federal immigration detainers placed on them, and who, therefore, cannot be readily released for community supervision and/or paroled. As a result, counties would have to bear major increased costs and would have less flexibility in releasing them to the community.

- The Realignment Proposal does not address costs to other programs, because the impact of shifting one program, may indirectly affect other programs. The Realignment Proposal does not appear to factor in high inmate health costs which would be transferred to counties. Under current Federal law Medicaid and Medicare are not available to reimburse incarcerated persons, including juveniles.

- The Department of Health Services (DHS) could incur significant health-related costs for incarcerated offenders or for those released to probation. However, DHS does not currently provide services to the population. The CEO will work with DHS to determine potential County impact as more details become available.

- The Department of Mental Health indicates that approximately 2,800 offenders may be in need of mental health services at an estimated annual cost of $36.0 million to the County.

- The Department of Public Health indicates that approximately 3,150 offenders will require substance abuse services at an estimated annual cost of $19.4 million to the County.

Potential County Risk Mitigation Recommendations

- The District Attorney's Office is proposing to add approximately 28 additional serious and violent offenses to be excluded from the categories non-violent, non-serious, and non-sex offenders proposed to be released to counties, as some of the offenses on the list are considered serious and violent by County standards.

- The Sheriff's Department recommends pursuing Electronic Monitoring Program legislation to expand inmate eligibility, including pre-sentenced inmates.

- The Sheriff's Department recommends that the County, specifically the Sheriff's Department, to be given the authority and latitude regarding releasing of inmates to parole.

- The Sheriff's Department recommends exploring alternatives to amend current legislation to allow flexibility to counties to access AB 900 Bond funds for jail construction and to allow counties to forgo the matching 25 percent requirements.

- The Sheriff's Department recommends State contracts for the housing of low-level offenders in lieu of shifting non-violent, non-serious, and non-sex offenders to counties.

- The District Attorney's Office recommends that the California Secretary of Corrections and Rehabilitation should be granted the same authority as county sheriffs to utilize alternative incarceration methods for felons convicted of non-violent, non-serious and non-sex related crimes. These alternative methods include home detention combined with electronic monitoring, Global Positioning Systems (GPS) and the extended use of work furlough programs. These services could be contracted out to private vendors if necessary.

- The Sheriff's Department recommends utilizing the Education-Based Incarceration Model to lower recidivism and provide better life choices that encourage offenders to remain out of jail.

- The Sheriff's Department indicates that if sufficient funding is provided the County may be able to reopen closed jail beds throughout the County to accommodate approximately 4,500 additional offenders.

- To safely implement the low-level offender shift to County proposal, funding must be considered for the additional caseload increases, staffing and training needs, including funding for cost associated with caseload increases to the District Attorney, Public Defender, and Alternate Public Defender.

ADULT PAROLE

Proposal

The Realignment Proposal would shift $741.1 million from the State to counties for financial and program responsibilities to supervise all parolees upon their release from State prison. The expected implementation date has not been determined at this time. Under the Governor's Realignment Proposal, counties would receive an estimated $113.4 million in FY 2011-12 to begin supervising parolees locally. Because most parolees would remain on State caseloads in the budget year, a share of realignment funding ($627.7 million) would be sent to the State to reimburse CDCR for the costs of managing those existing caseloads. When fully implemented, counties would receive an estimated $409.9 million annually to manage these offenders. Since these offenders typically live in the community from which they were sentenced to prison, the Administration argues that local law enforcement and probation are usually more knowledgeable about the offender, suggesting local supervision of parolees is a better policy and public safety option.

Existing County Program

None. The County does not have responsibility to supervise parolees locally.

Caseload: None

Existing Mandates

None. The supervision of parolees is the State's responsibility.

Estimated County Impact From Realignment Proposal

Under the Realignment Proposal, county probation departments would assume full program and financial responsibilities to supervise parolees locally. The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. However, according to the Probation Department, the County would assume responsibility for 30,000 or more serious adult parolees, including violent and sexual offenders. **Based on 32.2 percent of the statewide adult felons' paroled population, this would result in $36.5 million in FY 2011-12 and $132.0 million in FY 2014-15 funds transferred from the State for these activities.**

The District Attorney's Office indicates that this proposal would result in a significant workload increase since it is not currently involved in parole violations. With a 70.0 percent State parolee recidivism rate, as many as 10,000 or more new criminal cases would be filed per year as a result of this proposal. This increase in criminal prosecutions would require 40 additional deputy district attorneys as well as supervisory staff, investigators, and support staff with a total projected cost over $19.0 million annually.

According to the Public Defender's Office, approximately 70 percent of the adult felony cases filed in County is handled by the Public Defender. The increase in workload is undetermined pending further information from the Administration. However, based on preliminary estimates, the realignment could result in approximately $2.3 million additional cost to handle an estimated 14,700 cases.

County Risk Assessment (Issues/Concerns)

- The Probation Department indicates that it would need to hire 600 Deputy Probation Officers, 60 Supervising Deputy Probation Officers, 60 Clerks, and 6 Probation Directors to supervise parolees transferred at an estimated County cost of $81.0 million.

- The Realignment Proposal does not address costs to other programs, because the impact of shifting one program may directly or indirectly affect other County programs and operations. The Realignment Proposal cost and revenue assumptions do not appear to factor costs associated with the judicial branch.

- According to the Probation Department, probation officers would be required to be armed to safely carry out their duties of supervising more serious adult parolees.

- The Probation Department indicates that collective bargaining issues may arise if the State union seeks to represent local members assuming adult parole supervision activities. Salary inequity issues will arise as parole officers receive higher compensation and different type of benefits than county probation officers.

- The proposal must ensure coordination between the State and counties as parolees are released to local supervision.

Potential County Risk Mitigation Recommendations

- The Probation Department recommends that funding for appropriate detention facilities and/or of facilities refurbishment to be provided; and/or the State to give control to counties for existing State detention facilities. Additionally, to safely implement the adult parolee realignment, funding must be considered for the additional caseload increases, staffing and training needs.

- The Probation Department recommends counties to be provided the ability to implement prospectively as program, staff and facilities become available.

- The Probation Department recommends counties to be given the authority and flexibility in deciding the type and level of supervision and length of custody commitments.

- The Sheriff's Department recommends pursuing legislation to authorize electronic monitoring of parolees as part of the community supervision and/or alternative custody program services.

- The Probation Department indicates that this proposal may provide an opportunity for local collaboration within affected departments to make best use of available resources to develop programs and direct services for this population similar to Reentry Program and/or Multidisciplinary Teams process.

- To safely implement the adult parole realignment, funding must be considered for the additional caseload increases, staffing and training needs, including funding for cost associated with caseload increases to the District Attorney, Public Defender, and Alternate Public Defender.

JUVENILE JUSTICE PROGRAMS

Proposal

The Realignment Proposal would eliminate the State's Division of Juvenile Justice (DJJ) by June 30, 2014 and shift $257.6 million in financial and program responsibilities from the State to counties to house, treat, and supervise high-risk juvenile offenders. The Administration proposes to realign the remaining 1,300 wards to county responsibility. This would be done on a prospective basis. So, no wards currently in DJJ facilities would be released to county supervision. Under the Governor's Proposal, counties would receive about $78.0 million in FY 2011-12, growing to $242.0 million in FY 2014-15, at full implementation. The State would receive $179.6 million in FY 2011-12 as reimbursement for the costs to continue to house existing DJJ wards. The Administration also indicates it would consider the option of allowing counties to contract back with the State in the future to house wards. Counties might choose this option if they lack sufficient local capacity or do not feel as though they have the local resources to manage particularly difficult cases, such as wards with severe mental health problems.

Existing County Program

None. The County does not currently have responsibility to house, treat, and supervise high-risk juvenile offenders.

Caseload: None

Existing Mandates

None. The high-risk juvenile offenders are the State's responsibility.

Estimated County Impact From Realignment Proposal

Under the Realignment Proposal, county probation departments would assume full program and financial responsibilities to house, treat, and supervise high-risk juvenile offenders. The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. **However, based on 27.2 percent of the statewide caseload, the County would assume an estimated $21.2 million in FY 2011-12 and $65.8 million in FY 2014-15 in additional program responsibilities.**

County Risk Assessment (Issues/Concerns)

- The Probation Department indicates that it does not have the facilities, staffing or long-term treatment plans in place to accommodate approximately 360 youth who have committed violent crimes and sexual offenses, including assault, robbery or murder.

- Currently the State costs average $200,000 for each of these high-risk youth. County costs could be higher due to start-up costs and building capacity.

- Under current law, wards can be housed in DJJ facilities until the age of 25. These individuals are not appropriate for placement with younger offenders.

- The Department of Mental Health indicates that this population of youth is difficult to serve and may need mental health services at an estimated annual cost of up to $7.2 million.

Potential County Risk Mitigation Recommendations

- The Probation Department recommends that funding for appropriate facilities and/or facilities refurbishment to be provided for the high-risk juvenile offenders; and/or the State to give control to counties for existing State juvenile facilities.

- Counties to have the option and flexibility to not accept certain population of youth, such as wards with severe mental health problems or difficult cases; and/or counties to have the option to contract with the State for handling of difficult cases and high-risk juvenile offenders.

- The Probation Department recommends pursuing legislation to allow counties more access to SB 81 Bond funds for youthful offender rehabilitative facility construction funding through state lease-revenue bonds and allow counties to forgo the matching 25 percent requirement.

VEHICLE LICENSE FEE FOR PUBLIC SAFETY PROGRAMS

Proposal

The Realignment Proposal intends to extend the existing 1.15 percent VLF rate for an additional five years. The extension would require a two-thirds vote of the Legislature to place an initiative on the June 2011 Special Election Ballot for voter approval. This proposal would provide $506.4 million to continue to support a number of existing public safety programs including:

- $181.3 million for Juvenile Probation funding;
- $107.1 million for the Citizens Option for Public Safety (COPS) Program;
- $107.1 million for the Juvenile Justice Crime Prevention Act;
- $ 57.4 million for a various of public safety program grants;
- $ 35.0 million for Jail Booking Fee Subventions; and
- $ 18.5 million for the Small/Rural Sheriffs Program.

Existing County Programs

In February 2009, the Governor and the Legislature enacted legislation to shift funding for local public safety programs from the State General Fund to the VLF. The legislation temporarily increased the VLF by 0.65 percent and directed 0.15 percent of the increase to the Local Safety and Protection Account. The funding received from this account is allocated to the Probation Department, the Sheriff's Department, and the District Attorney.

Existing Mandates

Federal Mandate: None

State Mandate: These are State-funded programs.

Estimated County Impact From Realignment Proposal

The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. However, the proposal would fund these County-administered programs under the same funding formula that currently exists with the exception of booking fees which would be fixed at $35.0 million. **Los Angeles County would receive approximately $137.1 million, as follows:**

- **Juvenile Probation Funding:** Based on 40 percent of the statewide caseload, the County would assume an estimated $72.5 million in additional program responsibilities.

- **Citizens Option for Public Safety Program:** Based on 18.6 percent of the statewide caseload, the County would assume an estimated $19.9 million in additional program responsibilities.

- **Juvenile Justice Crime Prevention Act:** Based on 27.0 percent of the statewide caseload, the County would assume an estimated $28.9 million in additional program responsibilities.

- **Various of public safety program grants:** Based on 25.0 percent of the statewide caseload, the County would assume an estimated $14.4 million in additional program responsibilities.

- **Jail Booking Fee Subventions:** Based on 4.0 percent of the statewide caseload, the County would assume an estimated $1.4 million in additional program responsibilities.

County Risk Assessment (Issues/Concerns):

- The VLF Program funding should be reauthorized for current programs before realignment can be considered.

- Vehicle License Fee Program funding needs to be approved permanently and not just for a five-year period.

- If alternative funding sources are not identified, the following County departments would be affected:

  - The Probation Department indicates that the loss of VLF revenues would result in the closing of up to 12 juvenile camps and the elimination or reduction of several juvenile community-based prevention programs.

  - The District Attorney's Office indicates that the loss of VLF revenues would result in a 33.0 percent reduction in attorneys assigned to the Hardcore Gang and Major Narcotics Division and the Elder Abuse Section.

  - The Sheriff's Department indicates that the loss of VLF revenues would affect programs including: COPS, Booking Fees, Multi-jurisdictional Methamphetamine Enforcement Team and High Technology Theft Apprehension and Prosecution Programs.

Potential County Risk Mitigation Recommendations

- Introduce legislation to extend the VLF funding for local public safety programs, if the June 2011 ballot measure to extend tax increases is not approved by voters.

- Provide a Constitutional guarantee to permanently fund these programs.

COURT SECURITY

Proposal

The Realignment Proposal would shift $530.0 million in financial responsibilities from the State to counties for court security activities. According to the Administration, the State has a role in court security standards, but has no control over what level (and cost) of deputy is assigned to the court. The staffing level of security in each of the trial courts that utilize sheriffs are negotiated between the presiding judge and the county sheriff with the courts reimbursing the counties for their costs. Under this proposal, funding and responsibility for court security would transfer to the counties, allowing courts and counties to negotiate service levels and agreements locally. Responsibility for court security would remain with county sheriff departments.

Existing County Program

Currently, the Sheriff Department has the responsibility to provide security services to the Courts. The Sheriff Department's baseline funding for Trial Courts in FY 2010-11 is $159.2 million, as follows:

State:	$159.2 million
Federal:	$ 0.0
County:	$ 0.0
Total:	$159.2 million

Caseload: None

Existing Mandates

State Mandate:

- Court Security is required under Government Code Sections 69925, 69926, and 77000-77013.

Estimated County Impact From Realignment Proposal

Under the Realignment proposal, financial responsibilities to fund court security will be shifted to the County. The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. **According to the Sheriff's Department, the County would receive an estimated $161.0 million for court security activities. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.**

County Risk Assessment (Issues/Concerns)

- The Sheriff's Department indicates that fixed funding for court security would not allow for growth or adjustments to accommodate current and future security needs.

- The Legislative Analyst's Office indicates that this proposal is problematic. Absent fiscal control, the courts would have difficulty ensuring that sheriffs provide sufficient security measures.

- The Legislative Analyst's Office recommends clarifying that the State is responsible for trial court security and adopting a separate State law change authorizing the State to use a competitive bid process to contract these services with private or public entities, including sheriffs.

Potential County Risk Mitigation Recommendations

- The Sheriff's Department indicates that State funding should include supervisory and retiree health costs, which are currently excluded.

- The Sheriff's Department indicates that funding adjustments should be provided annually/regularly to allow for growth or adjustments to accommodate growing future security needs.

Cal-FIRE

Proposal

The Realignment Proposal would shift financial and program responsibilities for fire protection services and medical emergency response from Cal-FIRE to local jurisdictions in State Responsibility Areas (SRAs). Currently, Cal-FIRE responds to over 60,000 medical emergencies in these areas each year which are outside its core wildland fire protection mission. This will result in an estimated $250.0 million transfer of duties from the State to local jurisdictions. The actual amount of redefined acreage, and corresponding level of realignment, will depend on the Board of Forestry's reclassification of existing SRAs.

Existing County Program

The State contracts through Cal-FIRE with the Fire Department to provide protection in State Responsibility Areas. The total contract for FY 2009-10 was $17.8 million (FY 2010-11 contract rates not yet published), which was approximately 31 percent of the cost to operate 23 fire stations to protect SRA lands. The existing contract does not include as-needed emergency funding for large-scale incidents.

Federal:	$ 0.0
State:	$17.8 million
County:	$ 0.0
Program Total:	$17.8 million

Existing Mandates

None. This service is provided via negotiated contract.

Estimated County Impact From Realignment Proposal

Unknown. While the Fire Department has an existing SRA contract, the Realignment Proposal does not contain adequate information to determine the potential fiscal or programmatic impact at this point. The Fire Department does not foresee any significant changes until the Board of Forestry study is completed.

County Risk Assessment (Issues/Concerns)

- The Realignment Proposal does not have enough information at this time to determine the impact of this proposal. The Fire Department has contacted numerous outside agencies including: other counties, professional associations, Sacramento representatives and staff from the Senate Natural Resources Committee with limited information to be found.

- The Board of Forestry will review the existing State Responsibility Areas to determine how they will be redefined or redrawn in relation to urban encroachment to determine details of realignment for Cal-FIRE.

- The Realignment Proposal has the potential to reduce funding levels leading to fewer fire fighting and emergency response resources in the areas removed from the SRAs or higher County costs to backfill the eliminated State funding.

Potential County Risk Mitigation Recommendations

- It is unknown what type of program flexibility or mandate relief would be necessary to assume the realignment responsibilities because the proposal does not contain adequate information to assess at this time.

1991 Realignment Revenue
Fact Sheet

OVERVIEW

In 1991 the State gave counties increased responsibility for several health, mental health and social services programs. The programs transferred from the State to the counties were:

Mental Health
- Community-based mental health programs
- State hospital services for county patients
- Institutions for Mental Disease

Health and Public Health
- AB 8 County Health Services
- Local Health Services
- Medically Indigent Services Program
- California Children's Services

Social Services
- In-Home Supportive Services
- Foster Care
- Adoption Assistance
- Child Welfare Services
- Greater Avenues for Independence (GAIN)
- AFDC / CalWORKs
- County Administration (Foster Care, CalWORKs, Food Stamps)

In turn, the cost sharing ratios were shifted, giving the counties a higher share of the costs. Realignment revenue was created to provide the counties with an ongoing funding source for these programs.

The State initially set aside 0.5 percent of sales tax collections for Sales Tax Realignment, and 24.33 percent of Vehicle License Fee (VLF) collections for VLF Realignment. The amount set-aside for VLF Realignment was increased to 74.9 percent on July 1, 2004 to offset the decrease in revenue when Governor Schwarzenegger reduced the vehicle license fee by 67.5 percent.

2009-10 REALIGNMENT COLLECTIONS

The Statewide Sales Tax Realignment collections were $2.325 billion, of which the Los Angeles County share was $713.7 million (30.7 percent).

The Statewide VLF Realignment collections were $1.354 billion, of which the County share was $421.6 million (31.1 percent).

Combined Statewide Realignment collections were $3.679 billion, of which the County share was $1.135 billion (30.9 percent).

2010-11 Final Adopted Budget

Vehicle License Fee Realignment

Health Services	$324,269,000
Mental Health	$ 89,665,000
Social Services	$ 16,141,000
Total VLF Realignment	**$430,075,000**

Sales Tax Realignment

Health Services	$103,765,000
Cal. Children's Services	$ 9,870,000
Mental Health	$220,468,000
Social Services	
DCFS Administration	$ 19,880,000
DCFS Adoptions	$ 13,844,000
DCFS Foster Care	$152,349,000
DCFS SED	$ 4,569,000
DPSS CalWORKs	$ 8,395,000
DPSS IHSS	$209,566,000

Total Sales Tax Realignment **$742,706,000**

Total Realignment Revenue Budget **$1,172,781,000**

Attachment IV

LOS ANGELES COUNTY
COMPARISON OF 1991 REALIGNMENT FUNDING AND THE GOVERNOR'S FY 2011-12 REALIGNMENT PROPOSAL

	FY 2010-11 County Budget 1991 Realignment Funds	Gov's Realignment Proposals FY 2011-12 Fund Shift
Social Services		
1991 Realignment Fund		
Health Services Programs [1]	437,904,000	0
Mental Health Programs [2]	310,133,000	0
Social Services Programs [3]	234,102,000	0
DCFS Foster Care, Child Welfare Services, & Other Programs	**190,642,000**	**557,000,000** [4]
Adult Protective Services	0	14,300,000
Mental Health Programs		
AB 3632 Program	0	28,900,000
Managed Care Program	0	51,100,000
EPSDT Program	0	161,100,000
Public Health		
Substance Abuse Treatment Programs	0	75,300,000
Realignment of Public Safety		
Shift of Low-Level Offenders to Counties	0	170,000,000
Adult Parole Services	0	36,500,000
Remaining Juvenile Justice Programs	0	21,200,000
Vehicle License Fee (VLF) Funding for Public Safety Programs	0	137,100,000
Court Security	0	161,000,000
CAL FIRE	0	?
TOTAL	**$1,172,781,000**	**$1,413,500,000**

Notes:

(1) 1991 Realignment Sales Tax and VLF funds are allocated to counties for AB 8 County Health Services, Local Health Services, Medically Indigent Services, and California Children's Services Programs.

(2) 1991 Realignment Sales Tax and VLF funds are allocated to counties for Community-based Mental Health Programs, State hospital services for county patients, and Institutions for Mental Disease..

(3) 1991 Realignment Sales Tax and VLF funds are allocated to counties for In-Home Supportive Services, Foster Care, Adoption Assistance, Child Welfare Services, Greater Avenues for Independences (GAIN), CalWORKs (formally AFDC) Programs, and County Administration (Foster Care, CalWORKs, and Food Stamps).

(4) Based on a preliminary review, the proposed FY 2011-12 Realignment would only provide funding for existing 1991 Realigned programs in DCFS.

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET
FISCAL YEAR 2010-11

($ in Thousands)

Department	Net Appropriation	Federal Revenue	State Revenue	1991 Realignment Revenue [1]	All Other Revenue	Net Cost
Health						
Mental Health	1,683,831	628,541	692,354	310,133	9,791	43,012
Public Health	794,648	248,422	117,323	74,173	219,960	134,770
Health Services	3,522,515	1,728,099	623,598	363,731	402,326	404,761
Social Services						
Children and Family Services						
Administration	924,374	390,986	239,918	19,880	2,479	271,111
Assistance	875,590	284,551	317,311	170,762	679	102,287
Total DCFS	**1,799,964**	**675,537**	**557,229**	**190,642**	**3,158**	**373,398**
Community and Family Services						
Administration	37,239	17,908	47	-	824	18,460
Assistance	74,493	72,474	1,686	-	-	333
Total DCCS	**111,732**	**90,382**	**1,733**	**-**	**824**	**18,793**
Public Safety						
Sheriff	2,598,849	33,732	484,501	-	765,361	1,315,255
District Attorney	321,701	3,737	114,346	-	10,364	193,254
Probation	708,843	81,780	138,035	-	31,740	457,288
Public Defender	178,881	449	6,800	-	1,370	170,262
Alternate Public Defender	53,143	67	-	-	91	52,985
Fire District	968,666	15,086	6,919	-	946,661	-
Fire Lifeguard	25,567	-	-		-	25,567

(1) Includes VLF Realignment revenue, which is considered locally generated revenue and classified as net County cost.