

VARIOUS DEPARTMENTS AND ISSUES

This section provides budget information for various departments and statewide expenditures.

REDEVELOPMENT AGENCIES

ABx1 26 (Chapter 5, Statutes of 2011) eliminated the state's redevelopment agencies (RDAs) and replaced them with locally organized successor agencies that are tasked with retiring the former RDAs' outstanding debts and other legal obligations. The elimination of RDAs allows local governments to protect core public services by returning property tax money to the cities, counties, special districts, and K-14 schools.

In general, successor agencies are tasked with using the property tax revenue that the former RDAs would have received to retire the debts and other contractual obligations of the RDAs. These enforceable obligations include bonded debt issued by the RDAs, loans of money to third parties that the RDAs are legally required to repay, court judgments or settlements, and legally binding contracts or agreements between the RDAs and public agencies or private entities.

Every six months, successor agencies provide Recognized Obligation Payment Schedules (ROPS) to the Department of Finance which list all enforceable obligations of the former RDAs that are proposed to be paid with property taxes, bond revenues, and any other funding available to the former RDAs. Finance reviews these ROPS to determine whether the listed obligations are truly enforceable under the law, and to prohibit payments that

are not enforceable. This process is required to continue until all enforceable obligations of the former RDA have been retired.

Any property tax revenue remaining after payment of enforceable obligations is distributed to cities, counties, special districts, and K-14 schools located within the boundaries of the former RDAs pursuant to existing formulas.

As a result of the RDA dissolution process, the Budget anticipates that counties will receive \$1.4 billion in new general purpose revenues in 2012-13 and 2013-14 combined, with cities receiving \$1.1 billion and special districts \$500 million. On an ongoing basis, it is estimated that over \$675 million annually will be distributed to counties, cities, and special districts. This is a significant amount of unrestricted funding that can be used by local governments to fund police, fire, or other critical public services.

The Budget anticipates Proposition 98 General Fund savings resulting from the dissolution of RDAs will be \$2.1 billion in 2012-13. For 2013-14, Proposition 98 General Fund savings are expected to be \$1.5 billion. On an ongoing basis, Proposition 98 General Fund savings are estimated to be \$825 million annually. When Test 1 of the Proposition 98 calculation is operative, funds above this amount will increase available resources for K-12 schools and community colleges.

CONTROLLED SUBSTANCE UTILIZATION REVIEW AND EVALUATION SYSTEM

The Controlled Substance Utilization Review and Evaluation System (CURES) was established in 1997 as an electronic database to track the prescription and dispensing of controlled substances by licensed health care practitioners. This comprehensive database enables authorized users to prevent, investigate, and prosecute serious cases of abuse and misuse of specified controlled substances. In its current form, CURES is unable to handle the demand for information requests by medical professionals and law enforcement.

Significant Adjustment:

- *System Upgrade*—The Budget includes \$3.3 million from special funds of various healing arts boards to reimburse the Department of Justice to upgrade CURES. These boards license professionals who can prescribe or dispense medications this system would be used to monitor. The upgrade will improve the state's ability to

detect and prevent prescription drug abuse by giving law enforcement entities and regulatory boards better tools.

JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, Courts of Appeal, trial courts, and the Judicial Council. The state-level judiciary receives most of its funding from the General Fund. The trial courts are funded with a combination of funding from the General Fund, county maintenance-of-effort requirements, fines, fees, and other charges.

Significant Adjustments:

- *State-Level Courts*—The Budget includes an augmentation of \$3 million General Fund for the Supreme Court, Courts of Appeal, and the Habeas Corpus Resource Center.
- *Trial Court Operations*—The Budget includes an augmentation of \$60 million General Fund to support trial courts to maintain or increase public access. The Budget includes statutory changes to promote efficiencies and reduce workload for the trial courts.

COMMUNITY CORRECTIONS PERFORMANCE INCENTIVE GRANTS

The California Community Corrections Performance Incentive Act of 2009 (SB 678) established a system of performance-based funding that shares state General Fund savings with county probation departments when they demonstrate success in reducing the number of adult felony probationers going to state prison. The Budget includes changes to the SB 678 funding formula to account for county probation departments' success in reducing the number of adult felony probationers incarcerated in county jail. This provides total funding of \$106.9 million in 2013-14 to continue support for probation efforts targeted at reducing recidivism and encouraging alternatives to incarceration.

OFFICE OF EMERGENCY SERVICES

The principal objective of the Office of Emergency Services (OES) is to reduce vulnerability to hazards and crimes through emergency management, homeland security, and criminal justice. The OES responds to and coordinates emergency activities to save

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lives and reduce property loss during disasters and facilitates disaster recovery efforts. The OES provides leadership, assistance, training, and support to state and local agencies and coordinates with federal agencies to plan and prepare for the most effective use of resources in emergencies.

Significant Adjustment:

- *Public Safety Communications Office*—The Budget transfers \$186.7 million and 374 positions from the Department of Technology to reflect the transition of the Public Safety Communications Office to the OES. The consolidation of the Public Safety Communications Office with the OES aligns public safety communications with the state’s emergency operations management, improving operational efficiency and coordination between state and local emergency management functions.

STATE CONTROLLER

The State Controller, among other responsibilities, administers the statewide payroll system that issues pay to approximately 294,000 state employees.

Significant Adjustment:

- *21st Century Project: Legal, Suspension, and Reconciliation Costs*—Prior to the suspension of the project, the State Controller’s Office estimated costs of \$38 million to finish implementation in 2013-14. The Budget Act includes a total of \$14.5 million (\$11.9 million General Fund, \$2.6 million other funds, and 40 positions) on a one-year basis to address workload associated with completing specific tasks for the 21st Century Project, including legal costs, payroll migration, payroll stabilization, and payroll reconciliation. A comprehensive assessment and evaluation of the strategy going forward will be addressed in future years.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

The California Department of Veterans Affairs promotes and delivers services for California veterans and their families. Specifically, the Department provides aid and assistance to veterans and their families for presenting claims for federal veterans’ benefits, provides California veterans with direct low-cost loans to acquire farms and homes, and provides the state’s aged and disabled veterans with rehabilitative,

residential, and medical care services in the California Veterans Homes. California owns and operates eight veterans homes located in Yountville, Chula Vista, Barstow, Lancaster, Ventura, West Los Angeles, Redding, and Fresno. The recently completed homes in Redding and Fresno will begin admitting residents in the fall of 2013. The Budget includes \$312.7 million General Fund to support the activities of the Department.

Significant Adjustments:

- *Veterans Claims Strike Teams*—An increase of \$3 million General Fund and 36 positions to form Strike Teams in each of the United States Department of Veterans Affairs (USDVA) Regional Offices. These resources will assist the USDVA in its efforts to eliminate the backlog of claims to ensure veterans receive the federal benefits for which they are eligible.
- *County Veterans Service Officers*—A one-time increase of \$3 million General Fund for County Veterans Service Officers to better provide veterans free USDVA claims assistance and information and referral to local, state, and federal programs.
- *Central Coast State Veterans Cemetery at Fort Ord*—A loan of \$1.5 million to start construction of the state veterans cemetery at Fort Ord.

IMPLEMENTING FEDERAL SEQUESTRATION

The federal sequester is a package of spending cuts that was part of the Federal Budget Control Act of 2011. While the sequester has started for federal fiscal year 2013, federal agencies have not issued all necessary guidelines and affected state departments are in the process of putting measures in place to minimize impacts.

Furthermore, the budget for federal fiscal year 2014 is being negotiated. Given the uncertainty of the exact program reductions and the interaction between federal fiscal years and state fiscal years, a new budget control section provides transparency and flexibility to decrease spending authority resulting from the sequester once final details are determined. Before any reductions go into effect, they will be subject to legislative review.

The Budget backfills the lost federal funds in a few instances: Title XX Program, Early Start Part C Grant Reallocation Program, and child care programs.

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The sequester has also resulted in decreases in General Fund offsets related to Build America Bonds subsidy payments and State Criminal Alien Assistance Program. The overall impact of federal sequestration on the General Fund is less than \$65 million in 2012-13 and 2013-14 combined.