

COMMONWEAL

The Juvenile Justice Program

May 16, 2011

CALIFORNIA BUDGET REPORT: MAY BUDGET REVISION

- ☑ *State tax revenues were up in April but the state still faces an \$11 billion shortfall of funds for the combined budget years FY 10/11 and FY 11/12.*
- ☑ *Gov. Brown pitches Republicans to put his tax extension measure before state voters in the Fall-- asks lawmakers to adopt interim tax extensions.*
- ☑ *Realignment Plan—including adult and juvenile corrections realignment—is reconfirmed without relatively small changes, still requires voter approval of revenue source.*

May Revision Overview

Today in his May Revision press conference, Governor Brown presented his latest revenue projections and proposed budget adjustments. Despite \$13 billion in spending cuts adopted in March, and with better-than-expected tax revenues in April, the state is still about \$11 billion short of what's needed to balance the books for FY 10/11 and FY 11/12. The Governor called for fiscal restructuring that would reduce long term debt, cut spending and raise revenues to pay for his big state-county Realignment Plan. Some May Revision highlights are:

- Higher than expected state tax revenues flowed to the state in April. Brown accommodated a \$6.6 billion revenue bump by raising General Fund spending for K-12 education and corrections while taking back the proposed income tax increase for next year. Brown still wants voters to approve sales and vehicle taxes needed to pay for \$5.6 billion in realigned government programs.
- Brown renewed pleas for Republic votes to get a tax extension measure on the ballot this Fall. He also asked lawmakers to approve interim (short term) tax extensions to avoid sudden and massive cuts in state funds and shutdowns of government services.
- The Governor made some changes to his January/February Realignment Proposal. AB 3632 (special education/mental health) realignment was taken out of the plan. But the Governor still proposes to move major mental health, foster care and corrections operations, among others, to county governments. These operations would no longer be supported by the state General Fund but would instead be paid for by dedicated, voter-approved realignment revenues.
- Brown reiterated the need to reduce some \$35 billion in long term debt that has piled up from what he called budget “gimmicks” adopted to avoid spending cuts in years past. He praised lawmakers for acting in March to cut \$12 billion in spending while making the case for tax extensions to make up the remaining \$11 billion budget shortfall.
- The Governor reconfirmed plans to trim state government by eliminating state boards, commissions and agencies. The Departments of Mental Health and Alcohol and Drug Programs are among those to be scrapped as their functions are realigned to counties

Juvenile Justice Items in the May Revision

The Governor's Realignment Plan still includes full realignment of the Division of Juvenile Justice. In addition it would renew and pay for local public safety grants — including the Juvenile Justice Crime Prevention Act (JJCPA) and Juvenile Probation Camp Funds (JPCF).

The Realignment Plan would also use realignment tax dollars to support future SB 81 payments to counties (2007 DJJ realignment) and juvenile parole realignment funds (payments for AB 1628 DJJ parole realignment in 2010). The terms for realigning these items are outlined in the corrections budget trailer bill (AB 109), adopted by the Legislature and signed by the Governor in April. As before, implementation of AB 109 (and all corrections realignment proposals) hinges on dedicated tax revenues which the Governor wants state voters to approve in a Fall special election. That depends, in turn, on getting four Republic votes in the state Legislature to put the tax extension measure before voters sometime in the Fall of 2011.

From the county perspective, the most critical problem may be the looming expiration of the Vehicle License Tax supplemental public safety tax on July 1, 2011. These funds support a range of county probation facilities and services through the Juvenile Justice Crime Prevention Act and the Juvenile Probation Camp Fund. Preparing for the worst case scenario, many counties are already making plans to scale back probation operations and personnel and have adopted contingency plans to curtail or close local juvenile justice facilities.

Here are the juvenile justice items that remain in the Governor's Realignment Plan as confirmed in today's release of the May Revision:

**Juvenile Justice Grants and Programs Included in
the Governor's Realignment Plan – FY 11/12 through FY 14/15**
(in millions of dollars per year)

Item	FY 11/12	FY 12/13	FY 13/14	FY 14/15
Public Safety Grants (VLF tax items) including JJCPA, JPFC	\$498 m.	\$ 498 m.	\$498 m.	\$ 498 m.
Full DJJ Realignment	\$ 242 m.	\$242 m.	\$242 m.	\$ 242 m.
Current DJJ Realignment (SB 81 plus AB 1628 parole realignment)	\$ 97 m.	\$ 104 m.	\$ 103 m.	\$ 103 m.

In related news, the Governor's government reduction plan now includes elimination of the Governor's Office of Gang and Youth Violence Policy which administers \$ 9 million per year in gang violence prevention grants to California cities. While CalEMA would handle the administration of existing grants, it is unclear whether the Governor's plans include any renewal of these funds for FY 11/12 or beyond.