

# Budget Action Bulletin No. 5

2007-08 Proposed State Budget

Week of July 2, 2007

## Via Electronic Mail

DATE: June 29, 2007

TO: CSAC Board of Directors  
County Administrative Officers  
CSAC Corporate Associates

FROM: Steve Keil, CSAC Interim Executive Director and Director of Legislative Services  
Jean Kinney Hurst, CSAC Legislative Representative

RE: **Budget Action Bulletin #5**

The Budget Conference Committee met today to close out remaining items prior to the end of the fiscal year. We're reporting some of the items that were addressed by the Conference Committee; however, we are careful to point out that the budget negotiations seem to be nowhere near complete, or even close. In many instances, legislative leadership has indicated that Democrats and Republicans are as much as \$1 billion apart in their budget negotiations. Also, it has been made clear that even those items that have been finalized are subject to negotiation as part of leadership discussions. (In particular, we understand that these discussions may affect appropriation levels on the infrastructure bond accounts and development of budget trailer bill language to establish criteria with respect to access to some of the accounts.) It is not clear whether the Governor will now begin to host "Big Five" meetings or allow the legislative leaders to continue to hash out their differences without his participation.

Assembly Member John Laird, Conference Committee Chair, announced that the final conference report was balanced and contained a reserve amount of an estimated \$2 billion. The report includes funding for many legislative priorities including Williamson Act subventions, Proposition 42, and foster care. Republican members Senator Dennis Hollingsworth and Assembly Member Roger Niello challenged the characterization of the conference report, indicating their belief that the budget plan in fact spent more than it took in for 2007-08.

## WHAT'S BEEN HAPPENING:

### HEALTH AND HUMAN SERVICES

**Transitional Housing Program – Reopened and Adopted Additional Funding.** The Budget Conference Committee reopened the Foster Youth Transitional Housing Program Plus (THP-Plus) item, and voted to appropriate an additional \$10.5 million in the 2007-08 budget.

For background, the Conference Committee had originally voted to provide \$35.2 million for the program in the 2007-08 budget. There was a companion bill before the Senate yesterday, AB 845 by Assembly Members Karen Bass, Bill Maze and Sharon Runner, that would have appropriated an additional \$10.5 million for current year (2006-07) for THP-Plus, but the bill failed to garner a two-thirds vote after a lengthy and cantankerous debate. Senate Republicans expressed frustration that both the Democrats' and the Governor's versions of the budget spend too much and do not deal with the deficit. AB 845, an Administration-sponsored bill, became a pawn in that dispute. The Senate Republicans also made efforts to require counties to assume a share of the cost of the program.

Today the Conference Committee today appropriated the \$10.5 million and took action to include trailer bill language, which will allow counties that spent funds in 2006-07 to be eligible for funds appropriated in 2007-08.

Counties wish to thank the members of the Conference Committee who voted for the THP-Plus augmentation today, and wish to also extend special thanks to Assembly Member Roger Niello for his remarks during the discussion. Assembly Member Niello couched the issue as one of fairness – counties had made commitments based on the presumption that funding would be provided in 2006-07.

## **HOUSING, LAND USE AND TRANSPORTATION**

**Proposition 1B - \$2 Billion for Local Streets and Roads – Adopted Assembly Version.** The Conference Committee moved and passed the Assembly version, \$600 million for cities and counties for local streets and roads from Proposition 1B for 2007-08. Counties would receive \$300 million of this appropriation. We understand this is potentially subject to change based on leadership meetings expected to occur in the near future.

**Transit Spillover – Adopted Compromise.** The Conference Committee provided \$551 million of the transit funds including spillover revenue for General Fund relief in the following manner:

- \$339 million for debt service;
- \$129 million for Developmental Services – Regional Center Transportation;
- \$83 million for Proposition 42 loan pay off.

We also understand that \$800 million will go to transit for operating costs. This represents a one-year approach with respect to transit spillover revenues without addressing the multi-year approach, as proposed by the Assembly and would have affected Proposition 42 formulas. We would again caution that leadership meetings might affect whether a multi-year approach is pursued in the budget.

**High-Speed Rail Authority – Adopted Compromise.** The Conference Committee provided \$55.5 million for the High-Speed Rail Authority, which is slightly more than previously proposed by either house in the past weeks. This revenue will come from two sources: \$40 million from the Public Transportation Account and \$15.5 million from Proposition 116.

## **WHAT'S GOING TO HAPPEN NEXT:**

Leadership meetings, with or without the Governor, seem to be necessary to finalize the state budget and we continue to await details on the various items approved by the Conference Committee today. We'll continue to alert you with the most up-to-date information on the budget as it becomes available.

**Stay tuned for the next Budget Action Bulletin!**

**If you would like to receive the Budget Action Bulletin electronically, please e-mail Jean Hurst, CSAC Legislative Representative, at [jhurst@counties.org](mailto:jhurst@counties.org). We're happy to accommodate you!**