



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

March 2, 2012

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To: Supervisor Zev Yaroslavsky, Chairman  
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From: William T Fujioka  
Chief Executive Officer

## **SACRAMENTO UPDATE**

This memorandum contains a report on an action taken by the California State Association of Counties Board of Directors regarding Governor Brown's proposed November 2011 Ballot Initiative; a status on County advocacy legislation related to housing of juvenile sex offenders; an overview of legislation of County interest related to motor vehicle license fees, and a report on a hearing conducted by the Senate Budget and Fiscal Committee.

### **California State Association of Counties Board of Directors Meeting**

On February 23, 2012, the California State Association of Counties (CSAC) Board of Directors voted to support Governor's Brown's November 2012 Ballot Initiative which would: 1) permanently dedicate revenues to local governments to pay for the 2011 Public Safety Realignment and protect local governments from future increased and unfunded costs associated with administering realigned programs; and 2) institute temporary increases to the State sales tax and the Personal Income Tax for higher wage earners to fund K-14 education. The County of Los Angeles was recorded as a yes vote. As instructed by your Board on January 23, 2012, the Chief Executive Office transmitted letters to the Governor and CSAC expressing support for the Ballot Initiative.

### **Status of County-Advocacy Legislation**

**County-supported AB 324 (Buchanan)**, which would stipulate that juveniles adjudicated for serious sex offenses may continue to be committed to the State Division

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of Juvenile Facilities (DJF) and would allow counties to contract with the State to house any juvenile sex offenders currently in DJF who are eligible to be returned to their committing county, was signed by Governor Brown on February 29, 2012 and it is Chapter 7, Statutes of 2012. Since AB 324 is an urgency measure, it becomes effective immediately.

### **Legislation of County Interest**

**SB 1566 (McLeod and Emmerson)**, which as introduced on February 24, 2012, would restore a specified allocation of Vehicle License Fee (VLF) revenues redirected from newly incorporated cities fund a portion of the 2011 Public Safety Realignment. The bill also cites legislative intent that VLF revenues be available for communities considering incorporation, including the unincorporated communities of East Los Angeles.

The FY 2011-12 State Budget provided \$5.5 billion to fund the 2011 Public Safety Realignment by redirecting 1.06 percent of the existing State sales tax (\$5.1 billion), and a portion of VLF revenues (\$453.0 million) from the State to counties. Specifically, SB 89 (Chapter 35, Statutes of 2011), shifted a portion of the 0.65 percent of VLF revenue allocations specified for cities and Orange County to the 2011 Public Safety Realignment. This shift disproportionately affected several newly incorporated cities and cities that recently annexed inhabited areas that would have been able to access increased VLF allocations under AB 1602 (Chapter 556, Statutes of 2006).

SB 1566 would restore an estimated \$18.0 million in VLF allocations to four newly incorporated cities and recently annexed areas which were affected by the redirection of VLF funding to the 2011 Public Safety Realignment. The sponsors of SB 1566 indicate that without this restoration four newly incorporated cities will face insolvency and possible disincorporation, and cities with inhabited annexations will be forced to make additional cuts to public safety.

The Chief Executive Office is working with the affected departments to analyze SB 1566. This measure is co-sponsored by the Cities of Fontana, Menifee, Eastvale, Wildomar and Jurupa Valley. There is no registered opposition on file for SB 1566. This bill is currently pending assignment to a committee.

### **Senate Budget and Fiscal Review Committee Hearing**

On February 23, 2012, the Senate Budget and Fiscal Review Committee convened to review the Governor's Budget proposal to enact a series of initiatives to improve the coordination of care for persons receiving both Medi-Cal and Medicare. The Administration provided an overview of the Governor's Budget which proposes to

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change provisions of SB 208 (Chapter 714, Statutes of 2010) which authorizes pilot projects in four counties to integrate care for dual eligible persons beginning January 1, 2013. The Governor's proposal would expand the number of pilot counties from four to ten and would phase in the pilot over a three-year period beginning January 1, 2013, for a State savings of \$678.8 million in FY 2012-13 and \$1.0 billion in FY 2013-14. The Governor's Budget also proposes to enroll all dual eligible persons, including all In-Home Supportive Services (IHSS) recipients, in a managed care plan.

Overall, the committee members concurred with provisions of the Governor's proposal because it would improve program efficiencies and reduce hospitalizations and nursing home placements for dual eligible persons. However, the committee challenged the Administration proposal to expand the Dual Eligibles Pilot Project without first evaluating the outcomes in the pilot counties.

The County Welfare Directors Association, the California State Association of Counties and various advocate organizations testified in opposition to the Governor's proposal to expand the Dual Eligible Pilot Project from four counties to ten counties, to mandatorily enroll all dual eligible persons into a managed healthcare plan, and to change the IHSS Program and other Long-Term Services and Supports from fee-for-service entitlements to managed care benefits. Those testifying cited serious concerns with the Administration's aggressive implementation plan, the role of counties in conducting IHSS assessments, the scope of the proposal, the lack of details for implementing the Dual Eligibles Pilot Project statewide after the three-year demonstration project, expansion of the pilot without an evaluation for consideration by the Legislature, and the financing mechanisms.

Committee Chair, Senator Mark Leno noted that the committee will hold additional hearings to further analyze the Governor's proposal and requested that the Department of Health Care Services provide responses to issues raised during the hearing.

We will continue to keep you advised.

WTF:RA  
MR:VE:OR:GA:lm

c: All Department Heads  
Legislative Strategist