

Funding fight on if Prop. 30 fails

By Kevin Yamamura, Sacramento Bee

Long before political ads dominated the airwaves and arguments erupted over which Nov. 6 tax initiative best serves schools, Gov. Jerry Brown sought crucial support from county officials in a cramped conference room one block from the Capitol.

County leaders in January had one priority – to ensure the state would continue sending them several billion dollars to assume former state responsibilities such as housing lower-level inmates and watching parolees.

Some wanted to pursue their own initiative without the tax hike because they represent conservative voters or thought the governor's initiative didn't stand a chance.

But ultimately the California State Association of Counties threw in its lot with Brown's measure and hoped for the best.

Proposition 30 guarantees in the California Constitution that counties will receive just over a penny on the dollar in existing sales taxes to fund the new duties they assumed from the state. For now, counties have only that promise in state law, which the Legislature can change at any time.

If Proposition 30 fails, Yolo County Supervisor Mike McGowan said, "it's a great unknown how counties will be treated by the state in the future. It's not a bet I'm willing to make, that the state will fully fund counties for services."

"They'll make a shift," McGowan added, "and we'll get the shaft."

Nearly all of the focus on Brown's initiative has focused on its tax hike on wealthy earners and sales, as well as its

impact on education funding. But when Brown mentions funding for “public safety,” he’s referring to the county money.

Counties took plenty of convincing in 2011 when Brown proposed to send new prisoners to local jails, have probation officers watch parolees and transfer a host of social service responsibilities. The governor said the plan served multiple goals – solving the state’s prison overcrowding problem and empowering counties to tailor their programs to suit local needs.

A year after the state began diverting lower-level inmates to counties, the prison population has dropped nearly 17 percent, from 144,456 to 119,938, a level closer to the 110,000 federal judges have demanded.

Republican critics say that has come at a safety cost because they believe local jails are ill equipped to house felons and change their behavior while they serve long-term sentences.

“You’re putting unrehabilitated inmates and parolees in our communities in masses,” said Assemblyman Jim Nielsen, R-Gerber. “Tens of thousands of them, without increasing rehabilitation opportunities.”

Nielsen said Proposition 30 would “fund what’s broken” by locking county revenues into the state constitution. He suggested that lawmakers reconsider the shift of prisoners and parolees, and direct funding to counties as needed.

But McGowan, president of the California State Association of Counties, believes keeping inmates local will reduce the rate at which they reoffend. State officials say as many as 70 percent of inmates now return to the system.

“In general, government works better at the local level than it does at the state and federal levels,” McGowan said.

He suggested that if voters reject Proposition 30, county

funding would be subject to the whims of future lawmakers, many of whom will be new and never vowed to protect realignment funds. He also said counties would face cuts in social service programs they deliver on the state's behalf.

"You can go down the list – there will be less cops on the street, beds in the jail, mental health programs we provide," McGowan said. "I don't think the public wants that to happen."

State leaders also used their realignment program to trim last year's deficit, which once stood at \$25 billion. In a controversial read of the constitution, Brown and lawmakers said they could pay \$2.1 billion less to K-12 schools and community colleges because they redirected state tax dollars to counties.

In the contraption that is California's budget, where every piece is linked together, Proposition 30 is the means through which Brown and lawmakers ensured harmony between counties and education groups who might otherwise fight over the same dollars. Because the initiative raises \$6 billion more, each constituency remains satisfied.

Brown won counties' support by promising to protect their realignment money. He told the *Bee's* editorial board that he intends to do that even if Proposition 30 fails, but warned that courts may demand otherwise.

That's because groups representing school boards and administrators could resume their legal fight to recoup \$2.1 billion from last year and ensure schools continue receiving like amounts.

"If a multibillion-dollar deficit lingers, you can't exactly promise everybody and everything that there isn't going to be more cuts," said Senate President Pro Tem Darrell Steinberg, D-Sacramento. "That's just reality, just the numbers."

The California School Boards Association, a plaintiff in the

\$2.1 billion suit, says it will drop its claim if voters approve Proposition 30. If not, the case will proceed. School groups lost the first round in June when a trial judge said Brown and lawmakers did not violate the state constitution by diverting education funds to counties.

“If (Prop. 30) fails, we will continue to do everything in our power to ensure that ... schools get the money they’re entitled to,” said CSBA executive director Vernon Billy.

McGowan knows that counties could be at odds with education.

“It puts local jurisdictions in the untenable position of then having to compete aggressively with another local government partner: our schools,” McGowan said. “We don’t want to be there.”

It’s a significant reason why Steinberg, Brown and others are desperate for Proposition 30 to pass. If it fails, groups will scramble in the Capitol to protect their budget dollars, now and in the future.

“Stakeholders get divided and go into their corners pretty quickly, and that’s not what we want,” Steinberg said. “We want to start next year with the state’s fiscal health restored and want to begin a new era in this state.”