

Overview of Propositions 1A-1F May 19, 2009 Election

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Budget Compromise

- September 23, 2008: Budget adopted
- November 6, 2008: Special session, \$11.2B deficit
- February 20, 2009: New 17 month budget signed, \$42B deficit closed, includes 6 propositions
- However, budget problems continue in March 2009 with the LAO reporting a \$8B budget gap due to declining revenue

Budget & Proposition Funding

- Long Term:
 - Prop 1A: \$15B through 2012-2013
 - Prop 1B: Increased expenditures for education for 6 years (\$9.3B in total)
 - Prop 1D: \$268M savings per year through 2013-2014
 - Prop 1E: \$230M savings in 2010-2011
- Short-term
 - Prop 1C: \$5B in revenue for lottery in 2009-2010
 - Prop 1D: \$608M in redirected funding to State General Fund in 2009-10
 - Prop 1E: \$230M in redirected funding to State General Fund in 2009-2010

Proposition 1A

- Rainy day fund from 3% to 12.5%
- Extends revenue increases included within 2/20/09 budget
 - 1 cent sales and use tax to 2011-12
 - .50 percent increase VLF to 2012-13
 - .25 percent personal income tax to tax year 2012
 - Reduced dependent tax credit from \$309 to \$99 until tax year 2012
- Estimated \$15B in revenue through 2012-2013

Proposition 1B

- Requires \$9.3B in supplemental education payments
- K-14 districts receive payments over 5 years starting in 2011-12
- Only if Prop 1A also passes

Proposition 1C

- Modernizes lottery
- Allows borrowing against future lottery revenues
- \$5B in revenue included within budget for Fiscal Year 2009-2010

Proposition 1D

- Redirects First 5 monies (tax on tobacco products for early childhood development and other services for children age 0-5) to **allow funds to be used for direct health care services, human services, including services for at-risk families who are involved with the child welfare system administered by the county welfare department and direct early education services, including preschool and childcare.**

Proposition 1D

- Loss of local dollars and local control of First 5
 - Estimated \$2.5M a year, or \$12.5M total loss to County
- Redirect to State General Fund for children's services may offset cuts to human services
 - \$608M savings in 2009-10 and \$268M annual savings through 2013-2014
- Unknown local impact to Social Services

Proposition 1E

- Redirects Prop 63 monies to EPSDT for two years for total of \$460M
 - \$230M savings in 2009-2010 and \$230M in savings in 2010-2011
- Redirects monies for new and expanded mental health services/treatment to existing federal program that requires States to provide screening, diagnosis and medically necessary treatment, including mental health services, for Medi-cal beneficiaries under the age of 21.

Proposition 1F

- No pay increase for Legislators or Constitutional Officers when negative balance

Options for Board of Supervisors

- One or all of the propositions
 - Support
 - Oppose
 - Neutral

Options

- County Counsel indicates that a legislative body of a local agency may indicate its support or opposition for a ballot measure by action on its public agenda. What is prohibited is the expenditure of public funds to expressly advocate the passage or defeat of the ballot measure.

Conclusion

- Propositions tied to budget compromise
- Failure will lead to new budget negotiations
- Known impact to First 5, difficult to quantify possible impacts to social services and mental health if propositions do/do not pass
- Questions