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Developing a Realignment Proposal: Suggestions Regarding the Next Four Weeks

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Governance and Finance Committee

Hon. Lois Wolk, Chair





Realignment Planning

- Schedule for the Legislature to Travel From**
 - Conceptual interest in realignment to enactment of a plan that meets the Legislature's priorities.
 - Quickly.

- Long Realignment "To Do" List**

- Some Agreement About the Major Tasks on This List**

- But Less Agreement Regarding:**
 - Who should make these decisions.
 - What the realignment plan should look like.
 - When tasks need to be done (March, June, or later).

- Timeline: About Four Weeks to Put Measure Before State's Voters**
 - How should you use this time?
 - What tasks could wait until after the measure is drafted?



Weeks One and Two: Identify Programs to Realign

- Governor's Program List Is a Good Starting Point**
- Are There Programs That the Legislature Wants to Take off the Realignment List?**
 - Input from budget subcommittees.
- Are There Programs That the Legislature Wants to Add to the Realignment List?**
 - Programs, not taxes, should be the focus of realignment.
- Make Major Decisions Regarding the Scope of Programs to Realign and County Program Flexibility**
 - Focus on major decisions that affect the cost of the program.
 - Smaller program decisions can wait.



Week Three: Get Scales to Roughly Balance

- Address Cost Impacts of Changes in Program Responsibility**
 - Provide sufficient revenues to maintain an appropriate level of program services over the long run.
 - Roughly match the rate of growth for the portfolio of realigned programs with the rate of growth for the portfolio of realignment revenues.

- Select From a Variety of Revenue Options. For Example, the Legislature Could:**
 - Use *other* taxes proposed by the administration for extension.
 - Dedicate a defined portion of the state's General Fund to realignment.

- Consider Basic Funding Allocation Issues**



Week Four: Consider Intergovernmental Coordination and Accountability When Drafting Constitutional Amendment

- Legislature's Interest in These Programs Will Continue After Realignment**
 - State has a fiscal interest in the outcome of some of these programs.
 - Many parties have policy interests in the outcome of these programs.
 - State will want to learn about and promote best county practices.

- Important to Plan Ahead for the State's Ongoing Interest**
 - Lesson from 1991: Proposals to promote coordination between state and counties or measure program performance:
 - Risk being considered "state-reimbursable mandates."
 - Can lead to tension between state and counties.

- Preliminary Thoughts Regarding Legislative Options**
 - Reserve a portion of realignment funds for incentive payments to counties that achieve significant program outcomes.
 - Specify that first call on realignment funds would be payment of any federal sanctions associated with under-performance of realigned programs.
 - Establish a state-county commission to develop realignment program performance measures every ten years. Performance measures enacted by the Legislature consistent with this commission's recommendations would be exempt from the Constitution's mandate reimbursement requirement.