

The Budget includes \$125 million based on the formula used for the 2014-15 allocation. The existing formula compares each county's estimated 2014 felony probation returns to prison and jail to their 2006 to 2008 baseline returns to prison. Successful reductions in the number of felony probationers returned to custody are funded with a portion of the state's savings. The Department of Finance will continue to work with the Judicial Council, the Chief Probation Officers of California and the Department of Corrections and Rehabilitation on a revised formula. However, given this funding stream's importance to the success of probation departments, the state must carefully examine new data elements prior to their inclusion in the formula. Preliminary reviews of the data reported for the first two quarters of calendar year 2014 indicate that counties are refining their data collection and reporting to the Judicial Council, which may need further analysis before it can be incorporated into a new funding formula.

### **CITY LAW ENFORCEMENT GRANTS**

The Budget proposes to continue \$40 million General Fund for front line law enforcement activities. The Board of State and Community Corrections allocates funds to individual cities acting as the fiduciary agent within each county receiving the funds.

### **STATE PENALTY FUND**

The State Penalty Fund was created as a depository for assessments on specified fines, penalties, and forfeitures imposed and collected by the courts and counties for criminal offenses. Based on a statutory formula, assessment revenues are then distributed among eight special funds. Over the past six years, State Penalty Fund revenues have declined significantly, resulting in diminished revenue allocations and causing structural deficits within many of the eight special funds. Specifically, six of the eight special funds that receive penalty fund revenues are projected to have structural deficits within the next three to four years. Two of the special funds, the Peace Officers' Training Fund and the Corrections Training Fund, will become insolvent in 2015-16.

To address the projected insolvency within these two funds, the Budget reflects approximately \$12 million in additional penalty assessment revenues resulting from the establishment of an 18-month outstanding debt amnesty program that would be administered by the courts and counties, consistent with existing delinquent debt collection programs.

The amnesty program would authorize individuals with past due court-ordered debt that was due prior to January 1, 2013, relating to traffic infractions and certain misdemeanors to pay outstanding delinquent debt at a 50-percent reduction if the individual meets specified eligibility criteria. The 50-percent reduction would apply to the total amount of outstanding debt, including interest and late penalties. Amnesty program revenues would continue to be distributed based on existing statutory requirements for distribution of these revenues; however, the amounts distributed to the State Penalty Fund would be dispersed directly to the Peace Officers' Training Fund and Corrections Training Fund to address the immediate insolvency in these two funds.

In recognition that the amnesty program is a short-term solution, the Administration plans to address the long-term solvency of the State Penalty Fund. As part of this effort, the Administration plans to evaluate and zero-base all programs funded by the State Penalty Fund. As a first step, the Budget includes a reduction of \$5.3 million to the Commission on Peace Officer Standards and Training's state administrative costs beginning in 2015-16. While a long-term solution is being developed, the proposed ongoing state operations reduction is necessary as it maintains critical training programs and reimbursements to local law enforcement agencies and promotes a more efficient state government.

The Commission certifies, develops, and coordinates training for local law enforcement and dispatchers and provides funding to offset a portion of the training costs incurred by local law enforcement agencies. The Commission's main funding source is the Peace Officers' Training Fund, which receives the majority of its revenue from the State Penalty Fund. The Commission instituted an 18-month limited-term reduction of \$7.7 million starting in January 2014 by suspending certain training cost reimbursements to local law enforcement agencies, reducing contracts and postponing some workshops and seminars conducted by the Commission. Nevertheless, expenditures continue to outpace revenues in the Peace Officers' Training Fund.