

**SB 1109 (Cox)**  
**County of San Diego**  
**Health and Human Services Agency Analysis**

**BACKGROUND:**

On November 3, 1998 California voters passed Proposition 10 by a statewide vote of 50.5 yes and 49.5 no (San Diego vote was 50/50). Proposition 10 added a 50 cent-per-pack tax on cigarettes and a comparable tax on other tobacco products and created the California Children and Families Commission and 58 county commissions. The purpose of the commission was to distribute the Proposition 10 funds through services that support children from prenatal to age five and promote early childhood development and school readiness. This added tax brought in about \$556 million last year with 80 percent going to 58 county commissions and 20 percent to the state commission. Last year, San Diego County received \$40.8 million.

SBX8 41 was introduced by Senator Cox (R, Northern California) on 2/1/10, and subsequently defeated in committee.

**ANALYSIS OF SB 1109:**

SB 1109 is the same as SBX8 41 and would require that provisions of this bill be submitted to the voters for approval at the next statewide election. SB 1109 is set to be heard before the Senate Health Committee on 4/14/10.

Provisions of the bill include:

- Eliminating the State's Children and Families Commission and corresponding 58 county commissions,
- Directing all future revenue to the State General Fund to be appropriated by the State Legislature for purposes of the Healthy Families and Medi-Cal programs.
- Re-directing unencumbered funds held in the 58 county commissions and distributing to schools, counties, and cities. The local commission has nearly \$129.7 million of unencumbered funds. Distribution in San Diego County would be as follows:
  - 50% to local schools, which is approximately \$64.8 million,
  - 25% to the County General Fund, which is approximately \$32.4 million,
  - 25% to local cities' general funds, which is approximately \$32.4 million, distributed to each city based on a per-capita basis,
- Re-directing unencumbered funds from the State's Children and Families Commission to the State General Fund.

If voters approve the provisions contained in SB 1109 impacts to San Diego County would include:

- Abolishing the commission,
  - The local commission is supported by 19 full time county staff positions that would be at risk of elimination. Commission staff members are Agency staff on loan to the Commission.
- Transferring 50% of unencumbered funds to the County Office of Education for distribution to local schools,
- Transferring the remaining 50% of unencumbered funds to the County Treasurer for distribution to the County General Fund and cities (County Treasurer would be allowed to retain not more than \$60,000 for administrative purposes).

### **Issues for Consideration**

- **Provider community impact** – According to the local commission, if the initiative passed, approximately 100 local health, education and social service providers would be at risk of losing more than \$38 million annually in contracts and subcontracts. Some of the organizations affected would include community based organizations, health care facilities, hospitals, school districts, and 2-1-1 San Diego. Funds at risk include:
  - \$17.2 million for children’s health and developmental services;
  - \$14.4 million for high quality early care and education, including preschool and school readiness programs; and
  - \$8 million for parent and family development and resources.
  - \$6 million for Child Welfare Services (included are 44 positions and a 32% federal match. Board of Supervisors approved on 9/22/09)
- **Redirection of Proposition 10 funding from Counties to State** – San Diego Region would have an annual loss of \$38 million.
  - The local commission would lose local flexibility on how funds should be spent.
  - Funds would go to the State for distribution by the legislature resulting in no guarantee of equitable distribution to San Diego.
- **Unencumbered Funds** – the local commission maintains approximately \$129.7 million in unencumbered funds, which would be redistributed locally between schools, the county and cities.
  - The County of San Diego’s share would be a one-time influx of \$32.4 million to the general fund.