

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 1, 2010
POSITION: Oppose

BILL NUMBER: AB 2064
AUTHOR: J. Perez

BILL SUMMARY: Emergency Housing Shelter Operations Grant Account

This bill would require the Department of Finance to determine the amount of General Fund moneys in the Emergency Housing and Assistance Fund, and require the Department of Housing and Community Development (HCD) to (1) issue a Notice of Funding Availability indicating the amount of funding available for shelter operation grants no later than 30 days after the effective date of the bill, and (2) grant awards within 180 days after issuing the notice.

FISCAL SUMMARY

The Administration proposes the transfer of \$4.2 million from the Emergency Housing Assistance Fund to the General Fund. Since this bill would require HCD to provide emergency shelter grants with these funds, the bill would reduce General Fund revenues.

COMMENTS

The Department of Finance is opposed to this bill because it is inconsistent with the Administration's proposal to transfer \$4.2 million from EHAF to the General Fund. These moneys were transferred from the General Fund in 2000 to provide grants for shelter construction, but were not fully expended for that purpose. Additionally, the EHAP program was vetoed by the Governor in 2008-09. This bill would restart this program, which would create future General Fund pressures to continue to fund the program.

Analyst/Principal (0741) C. McKinney	Date	Program Budget Manager Mark Hill	Date
---	------	-------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

J. Perez

July 1, 2010

AB 2064

ANALYSIS

A. Programmatic Analysis

Existing law creates the Emergency Housing Assistance Program (EHAP) to provide operating grants to shelter and self-supporting housing serving homeless persons. The operating grants are funded by the Emergency Housing Assistance Fund (EHAF), a continuously appropriated fund, but the source of funding is the General Fund.

This bill would restart the EHAP program by requiring the Department of Finance to timely determine the amount of General Fund moneys available for operating grants and requiring HCD to announce funding available for shelter grants no later than 30 days from the effective date of the bill and grant awards within 180 days after issuing this notice. This bill contains an urgency clause.

Discussion: The 2000 Budget Act transferred \$39 million from the General Fund to the EHAF for shelter operations and capital development (shelter construction and rehabilitation). Although these funds were awarded, some of the capital development awards were not fully used and returned to the fund, creating a balance in EHAF that is fungible to the General Fund. Shelter operating grants were funded through annual General Fund transfers to EHAF. In September 2008, the Governor vetoed the General Fund transfer to EHAF program due to the state fiscal crisis. Since then, HCD has not provided shelter operating grants. The 2010-11 Governor's Budget proposed that the fungible balance of \$4.2 million be transferred from EHAF to the General Fund.

B. Fiscal Analysis

Because this bill would require HCD to provide grants with \$4.2 million in funds identified for transfer to the General Fund, this bill would reduce General Fund revenues by that amount.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)							Fund Code
		PROP 98	FC	2010-2011 FC	2011-2012 FC	2012-2013 FC	(Dollars in Thousands)		
2240/HCD	LA	No	C	\$4,177		--		--	0985
1600/Misc Rev Tot	RV	No	U	-\$4,177		--		--	0001

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0985	Emergency Housing and Assistance Fund