Overview of
The Restitution Fund

PRESENTED TO:
Senate Public Safety Committee
Hon. Mark Leno, Chair

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LEGISLATIVE ANALYST’S OFFICE
What Is the Restitution Fund?

☑ Receives Revenue Primarily From Fines and Penalties
   ■ A portion of all fines and penalties collected from criminal offenders is deposited in the Restitution Fund.
   ■ Fund expenditures are also offset by federal funds from the Victims of Crime Act Grant Program. The recently approved federal stimulus package provides an additional $8 million to California for this program.

☑ Supports Various Crime-Related Programs
   ■ Primary source of funding for the Victim Compensation Program (VCP), which is operated by the Victim Compensation and Government Claims Board and helps pay unreimbursed expenses that result when a crime occurs.
   ■ Also funds various programs operated by the California Emergency Management Agency (CalEMA), and the Department of Justice.
   ■ As part of the revised 2008-09 budget, $80 million was transferred from the Restitution Fund to the General Fund.
Restitution Fund Balance Has Fluctuated Significantly

In 2001-02, a significant increase in the number of individuals filing claims contributed to an increase in VCP expenditures. Following this spike in expenditures, the Restitution Fund's balance declined steeply.

In order to maintain the solvency of the fund, the board decreased the reimbursement rates paid to providers of victim services in 2002 and 2003. As a result, a number of providers refused to provide services and expenditures from the fund declined.

Between 2002-03 and 2007-08 steady revenue growth and falling expenditures have led to a growing fund balance.
Increased Claims and Support for Other Programs May Leave Fund Short in the Future

☑ In recent years, the Restitution Fund has increasingly become a source of support for the expansion of various programs, such as CalEMA’s California Gang Reduction, Intervention, and Prevention program.

☑ If current expenditure trends continue, the Restitution Fund will not be able to fully support VCP as well as other programs. We estimate that the fund could be insolvent in 2012-13.

☑ In order to address the fund’s long-term solvency problem, the Legislature could (1) examine strategies for decreasing VCP expenditures, (2) reduce the level of Restitution Fund support for various programs, or (3) consider different ways to increase the revenue entering the fund.