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**FOR IMMEDIATE RELEASE**

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**Californians, Vital County Services Remain at Risk**  
**Proposals on the Table Spell Disaster for Locals**

SACRAMENTO – California counties are extremely concerned about a number of state budget proposals under consideration that would severely affect every Californian and the vital local services they depend upon while only pushing the state’s chronic budget problems into the future.

As budget negotiations continue, counties are aware that there are several proposals still on the table that would result in a multi-billion dollar hit to local government services. Those proposals include:

- **Suspension of local property tax revenue protections under Proposition 1A.** This is a \$2 billion involuntary “loan” from local governments without any guarantee that the state will be able to pay it back in three years with interest, as required under state law. Borrowing these local revenues only exacerbates the state’s chronic structural imbalance and comes at a high cost to counties and the services they provide.
- **Two-year take of local gas tax funds (also known as the Highway Users Tax Account, or HUTA).** This is a \$1.7 billion hit to local governments that could lead to the potential loss of 4,000 county public works jobs and severely compromise the road safety needs of local communities. This proposal would undermine federal investment in economic recovery efforts at the state and local levels. Counties and cities believe such a move is unconstitutional and are prepared to mount a legal challenge against it.
- **Rumored 10-, 30-, or even 40-year voluntary extensions of redevelopment agencies without a blight finding.** Counties simply cannot afford to continue involuntarily contributing to redevelopment activities beyond their statutory deadlines. In this instance, too, counties are fully prepared to challenge the proposal in court.
- **Privatization of health and human services eligibility.** There is no evidence that contracting out for centralization and privatization saves money or improves services, and in fact, such measures have miserably failed in other states, such as Texas and Indiana. Up-front costs are significant and the long-term savings are questionable. Significant funding has been invested into county departments, which are already working to improve Internet-based applications for a number of programs including Medi-Cal, CalWORKs, and Food Stamps. Social services eligibility and intake need an in-person element and the customer service provided by county employees can’t be replaced by automated systems. Ultimately, this is a last-minute proposal that will be harmful to social service recipients.

“In addition to the significant impacts of the economic downturn, California counties are dealing with IOUs, deferrals of state payment, and state budget cuts, which are pushing some counties to their financial brinks and hampering their ability to provide essential services to residents,” said Paul

McIntosh, executive director of the California State Association of Counties. “The state has pushed its cash crisis down to counties, and the budget proposals under consideration will only aggravate the situation.”

Counties are aware of the difficult decisions before the Administration and the Legislature as they attempt to balance the state budget. However, proposals to borrow revenue under Proposition 1A, take local gas tax funds, extend redevelopment agencies, and privatize social services fail as budget solutions, as they serve to further exacerbate the state’s chronic fiscal imbalance.

“We have repeatedly made it clear - the Governor, Legislature and residents we serve are on notice that we cannot uniformly ensure the delivery of critical health, public safety and other vital services given the budget proposals on the table and the current fiscal environment,” said Gary Wyatt, Imperial County Supervisor and President of the California State Association of Counties. “These proposals will lead to a disruption of services at the local level. The state’s inability to resolve its budget issues will impede counties’ ability to meet the needs of the people we serve.”

The California State Association of Counties, headquartered in Sacramento, is the voice of California’s 58 counties at the state and federal level.

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