



July 18, 2009

Final Countdown

It appears that this is the week that will change the face of California counties for many years to come. As has been widely reported through Capitol sources, the Big Five is expected to meet tomorrow to put the finishing touches on a plan to close the state's gaping \$26.3 billion hole.

There is not a shred of good news in the package for counties. Of all the increasingly catastrophic ideas the Legislature and Administration have thrown on the table over the last weeks and months, counties are "all in." Senate President Pro Tem Darrell Steinberg told the press today "*there is no question*" that local governments are part of the budget solution. Among the atrocities:

- Proposition 1A borrowing - Until we see the final budget language, it is not clear how iron clad the securitization provisions will be. Talks of "guarantees" may fall on deaf ears on Wall Street;
- HUTA raid - Two years of raiding these funds means the loss of more than 4,000 county public works jobs and the effective decimation of local public works departments statewide. After two years of layoffs, how do we ever re-build these departments;
- RDA take - The final contours of the RDA proposal are not presently known, and further details are unlikely until shortly before the vote is taken. No matter what form it takes, all RDA proposals that we are aware of are legally questionable;
- Health and human services reductions - On top of a series of devastating cuts, the Legislature appears to be going along with an ill-advised and unachievable proposal to privatize eligibility functions for a range of social service programs, and;
- Corrections reforms - How the Legislature plans to achieve over \$1 billion in cuts to the state corrections agency has been kept under wraps, but impacts to local governments and public safety agencies are sure to be significant.

And frankly, this is just the short list. We will not know the full scope of the hits to counties and the communities we serve until legislators are ready to put up their votes on perhaps the most disastrous spending plan in history. Unfortunately, due to a lack of transparency in the process and, despite counties' repeated attempts to engage in conversations about these issues, no interest or concern in understanding the impacts that will result has been evident.

Assuming the Big Five wraps up The Deal tomorrow, the houses are expected to vote on budget and trailer bills by mid-week. And to what end? We all know we will be right back in this mess by October. This budget is nothing but a cold

slap in the face to California's counties and does nothing to solve the structural budget problems that California faces. Counties all need to brace for the consequences that will follow.

If ever there was a time to stand up and shout, the time is NOW! Counties across the state must alert their legislative delegations that a vote for this budget that contains the array of destructive raids, cuts, and borrowing is a vote for local government ruin. Cumulatively, the state's budget actions are going to take many counties to the brink and put others over the edge. And, honestly, we are not sure the Legislature truly comprehends the devastation they will have wrought.

We have presented the Legislature with alternatives, argued against these ruinous proposals, and articulated the devastating impacts that will ensue. But the Legislature has chosen either to turn a blind eye to the impacts to our mutual constituents or opted to protect other interests at our expense. Whatever the case, counties must remind our state's elected representatives that when they take a budget vote this week, they are casting a vote to send counties off a cliff. And we will take with us the hungry, sick, disadvantaged, mentally ill, abused, disabled and poor for whom we provide vital services; we will take with us a promise of safe communities, drivable roads, and livable neighborhoods; and we will take with us a network of service delivery that actually means the difference between life and death, safe and endangered, well and sick. There is nothing to be proud of in this vote, and the votes should be cast with an acknowledgement and awareness of the consequences.

The timing of this weekend's budget events is especially profound, given the concurrent activities of the more than 500 county, city, and school leaders who convened in Sacramento on Friday and Saturday to focus on *Rebuilding California - From the Ground Up*. Lively discussions of state governance, accountability, and fiscal reform produced a range of ideas for transforming the roles and authority of local government entities. What the participants may not have fully realized is that we will face a future of rebuilding California from the ashes, once the Legislature takes its action this week. (More will follow on this weekend's summit in a future transmittal.)

In writing the *Declaration of Independence*, our forefathers said "...That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, — That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness..." Truer words were never written.

Please. Take the time now to pick up the phone and call your legislators. Let them know what their vote will mean to THEIR communities and THEIR constituents.

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