



**Government Finance and Operations Policy Committee**  
**CSAC Annual Meeting**  
**Thursday, November 20, 2014 — 9:00 a.m. til 11 a.m.**  
**Disneyland Hotel, Magic Kingdom Room 2**  
**Orange County, California**

**Supervisor Bruce Gibson, San Luis Obispo County, Chair**  
**Supervisor Bruce McPherson, Santa Cruz County, Vice Chair**

- I. Welcome and Introductions**  
*Supervisor Bruce Gibson, San Luis Obispo County, Chair*  
*Supervisor Bruce McPherson, Santa Cruz County, Vice Chair*
  
- 9:00      **II. LAO Economic Forecast: Sunny with a Chance of Recession**  
*Brian Uhler, Senior Fiscal & Policy Analyst, LAO*
  
- 9:25      **III. GASB 68, Pensionable Comp & More: Update from CalPERS**  
*Cheryl Eason, CalPERS Chief Financial Officer*  
*Renee Ostrander, Acting Chief, Customer Account Services Division*
  
- 9:50      **IV. Open Data: Why, What, and How**  
*Abhi Nemani, Chief Data Officer, City of Los Angeles*  
*Lilian Coral, Management and Innovation Consultant*
  
- 10:15     **V. Greg Lucas: Not Your Father's State Librarian**  
*Greg Lucas, California State Librarian*
  
- 10:40     **VI. Mandates: Doing More for Less**  
*Committee Staff*
  
- 10:50     **VII. Platform Review and Legislative Update**  
*Committee Staff*
  
- 11:00     **VIII. Closing Comments and Adjournment**  
*Supervisor Bruce Gibson, San Luis Obispo County, Chair*  
*Supervisor Bruce McPherson, Santa Cruz County, Vice Chair*

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**Attachment One**  
Mandates: Doing More for Less





November 7, 2014

1100 K Street  
Suite 101  
Sacramento  
California  
95814

Telephone  
916.327-7500

Facsimile  
916.441.5507

To: Supervisor Bruce Gibson, San Luis Obispo County, Chair  
Supervisor Bruce McPherson, Santa Cruz County, Vice-Chair  
Members, Government Finance and Operations Policy Committee

From: Jean Kinney Hurst, Senior Legislative Representative, CSAC  
Geoff Neill, Senior Legislative Analyst, CSAC

Re: **Mandates: Doing More for Less**

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**Recommendation.** No recommendation; this item is for informational purposes.

**Background.** Over the past decade, since voters changed the Constitution to require that the Legislature either fund or suspend mandates, the Legislature has suspended almost all mandates.

Governor Brown's administration in particular has been eager to do away with payments for mandates that they see as "best practices" that counties, cities, and special districts ought to be performing anyway. Local government advocates respond that if that's the case, the state should simply take the requirement off the books or making them explicitly optional in statute, but the Legislature has shown no inclination to do so.

The Administration has also taken the unprecedented step of suspending mandates before they have even finished going through the determination process at the Commission on State Mandates.

This item is an update on the status of mandates in two places: the Governor's proposed budget and the Commission on State Mandates.

*In the Budget*

The Governor has included in his Wall of Debt money that the state owes counties and other local agencies for mandates performed before the 2004 passage of Proposition 1A. This year's state budget includes \$100 million to pay down that debt, and also includes a

provision to pay up to \$800 million more if the state's revenues exceed estimates. At this time, the state's revenues are \$1.46 billion above estimates and disbursements are \$1.1 billion below estimates.

Unfortunately, the state continued to suspend all previously suspended mandates, including mandates directly affecting county elections, such as maintaining a permanent vote-by-mail system and checking the signatures on provisional ballot envelopes before those ballots are counted.

Restoring these mandates would have both ensured that voters in different counties are afforded equal access to the ballot and would have provided counties the money to pay for programs the state has required. Some of the mandates have been paid in previous years, while for others, including the provisional ballot signature mandate, the state has never paid a dime.

#### At the Commission

The Commission process is a long and winding road. Despite the clear constitutional requirement that the state must reimburse local agencies for new programs and higher levels of service, the Commission staff continues to come up with new reasons to deny mandate claims, often using expansive interpretations of old court cases that ignore the cases' context as well as subsequent changes to the Constitution.

Most recently, the Commission denied a claim related to SB 6 (2009), which implemented and expanded upon the voter-approved top two primary. Despite a showing that the bill required tens of thousands of dollars of costs required by the Legislature above and beyond those required by the ballot measure, the Commission decided that the costs were both incidental to the ballot measure and only a *de minimis* cost to counties, therefore apparently exempting it from the constitutional reimbursement requirements.

In December, the Commission will consider a Los Angeles County claim for costs related to providing court security services. They will also hear a claim from the Department of Finance to "redetermine" (that is, reverse) the currently existing reimbursement program for the Brown Act. At this year's primary election, voters approved a measure that explicitly removed these provisions from the mandate system.

CSAC's Mandate Service Committee

CSAC has reformulated and reinvigorated our mandate services committee. The committee meets the afternoon before Commission hearings, usually seven times per year. The committee had seen decreased participation over the years, until only a couple counties were represented.

However, CSAC has now significantly increase participation by a wider variety of counties and from different county departments to better represent those who are affected by mandates. The new committee has had focused, fruitful discussions about upcoming claims, the mandate process itself, and possible new claims to present to the Commission. As this new group continues to meet, counties can expect a larger number of claims to be brought by a wider variety of counties and county departments, which should in turn increase the number of programs for which counties can claim reimbursement.

**Staff Contact.** Please contact Jean Kinney Hurst (jhurst@counties.org or 916/650-8133) or Geoff Neill (gneill@counties.org or 916/650-8117) or for additional information.



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## **Attachment Two**

CSAC Platform: Chapters 5, 8, 10, and 13





## CHAPTER FIVE

# Government Operations

### **Section 1: GENERAL PRINCIPLES**

#### **A. Local Control**

As stated in Chapter I, Section 2, General Provisions, local control is the primary policy corner stone of CSAC.

#### **B. County As State Agent vs. County As Local Entity**

Those areas where counties act primarily as agents of the state in performing a state service - and do so with substantial state financing - should be distinguished from areas of local interest or state and local interest when determining the basis for applying statewide standards and supervision.

#### **C. Scope Of Services**

Each county should determine the scope and extent of the governmental services that it will render in response to the needs and desires of the local community. Each county should further examine its ability to support such services, always subject to the requirement to provide mandated services as state agents.

#### **D. Uniformity In Services**

In performing mandated duties, the degree of uniformity required should be carefully determined, with emphasis on the purpose of each requirement with the goal of uniformity not for uniformity's sake, but to serve a specific beneficial purpose. Progress can come only from the application of a variety of administrative approaches and methods.

#### **E. Freedom To Devise Program Operating Policies**

Counties should be free to devise their own operating policies for all government programs not financed wholly or substantially by federal or state funds.

#### **F. Whole Responsibility With Board Of Supervisors**

To be directly responsible to the people, general control of county government should be placed wholly with the board of supervisors.

#### **G. Non-Partisan Nature Of County Government**

The office of county supervisor should continue to be non-partisan, enabling the people to vote on the basis of local issues and to enable supervisors to solve local problems without binding allegiances to political parties.

### **Section 2: ELECTRONIC DATA PROCESSING (EDP)**

## **A. General Principles**

Counties are fully aware of the benefits that automation can provide for the improvement of government function and pledge their cooperation to the state and federal governments in developing the means to fully utilize electronic resources.

## **B. State And County EDP Policies**

Differences in state and local applications of EDP must be fully recognized in order that efforts at excessive standardization will not reduce the effectiveness of the total system.

### **Section 3: LOCAL GOVERNMENT ORGANIZATION**

Emphasis must be given to the different government organizational structures that exist throughout the state and to the principle of "local control." Legal constraints and time-consuming restrictions have severely limited the use of the charter as a method of obtaining local control. The State Constitution and statutes should be revised to provide authorization for counties to independently organize by local control.

The principle of local control also applies to the issue of elected "ministerial" officials. The board of supervisors should have authority to submit proposals for appointment of elected officials to the voters.

Therefore, counties should be allowed maximum flexibility to structure their organization through the process of "local option control."

Also, counties should be allowed to submit to their electorate the questions of whether elected non-legislative officials, except District Attorney, should be appointed by the board of supervisors.

### **Section 4: LIBRARY SERVICES**

## **A. General Principles**

The continued vitality of our free and democratic society and the effective operation of government at all levels is dependent on an informed and knowledgeable citizenry. Therefore, it is the responsibility of all levels of government, including county government, to assure that all people have access to sources of knowledge and information that affect their personal and professional lives and society as a whole.

The public library is a supplement to the formal system of free public education and a source of information and inspiration to persons of all ages, as well as a resource for continuing education. As such, public libraries deserve adequate financial support from all levels of government.

Counties are among the traditional providers of library and information services to the people. Counties form a natural region for the provision of this service. Citizens expect free library services that are responsive to local needs.

## **B. Intergovernmental Relationships**

The state is urged to recognize public libraries as part of the system of public education and should continue providing financial assistance to support their operation.

The state should also continue and strengthen funding for the interjurisdictional library cooperatives established under Education Code Sections 18700 through 18766.

### **C. Privacy And Censorship**

Recognizing the right of an individual to privacy, circulation records and other records identifying the names of library users with specific materials, including Internet useage, are to be confidential in nature.

## **Section 5: SPECIAL DISTRICTS**

See Chapter VII: PLANNING, LAND USE AND HOUSING, Section 5.

## **Section 6: ADMINISTRATION OF ELECTIONS**

### **A. Reimbursement For Special And Vacancy Election Costs**

Counties will support efforts to reinstate language directing the state to provide reimbursement to counties that hold a special election to replace a member of Congress or a member of the state Legislature to fill a vacancy, as well as for the cost of special elections called for other reasons.

### **B. All Mail Ballot Elections**

Given the increasing popularity of voting by mail and the increasing costs of administering elections due to state and federal regulations, and also considering the positive effect it would have on voter participation, counties support proposals that would give Boards of Supervisors the option of holding any election by mail.



## Chapter Eight

# Public Employment & Retirement

### **Section 1: PUBLIC EMPLOYEE RELATIONS**

#### **A. GENERAL PRINCIPLES**

Counties are committed to an employment system that provides public employees with protection against arbitrary and capricious loss of jobs, unfair hiring practices, and preferential promotions or job assignments. Counties believe in and support merit systems. For this purpose, they have provided personnel services, grievance procedures, health and safety protection, retirement and pension plans. Foremost, however, counties have a fundamental obligation to all citizens to exercise the peoples' sovereign power in determining what government will do, at what cost to the taxpayer, and under what circumstances. Thus, the basic principle of county employer-employee relations is one of balancing the legitimate desires and needs of employees against the publics' right to economical, efficient, effective and stable government.

#### **B. COLLECTIVE BARGAINING**

Counties support collective bargaining legislation which:

1. Recognizes the right of each employee to join or not join organizations and bargain collectively or individually.
2. Recognizes the responsibility of local elected officials to govern and manage the organization and to implement public policy.
3. Minimizes conflict over procedural matters.
4. Provides an acceptable method of resolving impasse resulting from negotiations. CSAC opposes compulsory, binding arbitration.

#### **C. POLITICAL ACTIVITY BY EMPLOYEES**

Employees whose job security is protected by civil service or merit systems or by agreement between the county and an employee organization cannot be permitted to engage in any political activity during times when they are paid to be performing the duties of their employment.

#### **D. NEPOTISM RESTRICTION**

CSAC supports nepotism restriction policies that are consistent with applicable state statutes. Specifically, we support policies that prohibit employment of immediate family members by county officers, or participation of county officers or employees in employment decisions affecting immediate family members. No person should be employed in a position where that position will be directly supervised by a member of the immediate family or where it is reasonable to believe and it can be shown that employment of immediate family members in the same department, division or facility involves potential conflicts of interest.

#### **E. EMPLOYEE BENEFITS LEGISLATION**

Counties strive to develop employee benefit plans that are affordable, responsive to the needs and desires of county employees, and reflect the values of the community. We are opposed to the state legislating salary, wages, or employee benefits for county employees. These issues must be determined only at the bargaining table; otherwise the foundation of the collective bargaining process is undermined.

#### **F. WORKERS' COMPENSATION**

CSAC supports preserving the original intent of the Workers' Compensation Act and legislation that would prevent or correct abuses within the system. We believe that timely and unprejudiced benefits should be provided to employees who suffer from work-related injuries or illnesses at a reasonable cost to county employers. CSAC opposes state policy which would erode the original intent of the Workers' Compensation Act or result in excessive costs to county employers and increased litigation.

CSAC supports:

1. Reasonable measures to assist employees in returning to suitable employment.
2. Promoting medical care treatment guidelines that are based on evidentiary medicine and designed to cure or relieve the effects of employment-related injury or illness.
3. The concept of apportionment for disability that is the result of other industrial or non-industrial injuries or conditions.
4. Maintaining objectivity in evaluating permanent disability standards.
5. The concept that tax exemptions on temporary disability should extend only to the statutory maximum, as outlined in Labor Code 4453.
6. Ensuring that the Workers' Compensation Appeals Board remains a forum for efficient resolution of claim issues.

CSAC Opposes:

1. Extending workers' compensation benefits to any person other than the employee as defined by law, except in the case of dependent death benefits.
2. Injury presumptions for only certain employee classifications.

#### **G. COORDINATION OF GOVERNMENTAL EMPLOYERS**

Counties, cities, and local governmental management are strongly encouraged to freely exchange information of a timely nature on employee demands over wages and employee benefits as well as settlements reached. In this manner, each employer can deal more effectively with its own "meet and confer" process.

While multi-employer bargaining is not possible now, there are many real benefits available if governmental units would keep adjoining and comparable agencies promptly informed of employer positions on salaries, employee demands and employee benefits. Governmental entities are continuously used for comparison of employee benefits sometimes at an "anticipated" rather than actual level.

#### **H. CLOSED SESSIONS FOR NEGOTIATION DISCUSSIONS**

Successful negotiations depend upon meaningful discussions at the bargaining table. Under no circumstances should closed sessions of the Board of Supervisors and its designated management representatives be required to be opened to the public.

#### **I. NATIONAL LABOR RELATIONS LEGISLATION**

Counties oppose the intrusion of the federal government into the field of state and local public labor relations legislation. States should be free to experiment with new legislative approaches and to adopt procedures tailored to meet the needs of their constituents.

However, should national labor relations legislation become inevitable, counties should encourage adoption of legislation which parallels their positions on state legislation.

### **Section 2: PUBLIC RETIREMENT**

#### **A. GENERAL PRINCIPLES**

Public retirement systems should be established and maintained on actuarially sound principles and be fiscally responsible.

Local elected officials should be able to develop pension systems that meet the needs of their workforce, maintain principles of sound fiduciary management, and preserve their ability to recruit and retain quality employees for key positions that frequently pay less than comparable positions in the private sector. We oppose efforts to remove board of supervisor authority to



determine retirement benefits since they are responsible for funding benefit changes. For 1937 Act county retirement systems, we are opposed to any legislation which would transfer authority now vested with the county board of supervisors to the county board of retirement. Such transfer could include, but is not limited to, adoption of salaries for retirement board members or employees, the extension of benefits, or decisions related to funding of the system.

Public pension systems provide an important public benefit by assisting public agencies to recruit and retain quality employees. Any fraud or abuse must be eliminated to ensure the public trust and to preserve the overall public value of these systems.

Public pension systems boards have a constitutional duty to (a) protect administration of the system to ensure benefits are available to members and (b) minimize employer costs. The constitutional provisions and state statutes governing such boards should promote responsible financial management and discourage conflicts of interest.

Please refer to the Appendix of the CSAC Platform to view CSAC's Pension Reform Guiding Principles.

## **B. INDUSTRIAL DISABILITY RETIREMENT (IDR)**

CSAC has traditionally supported the principle of provision of IDR to safety employees who are unable to continue their safety employment due to a bona fide job-connected disabling injury or illness. CSAC also has traditionally recognized that IDR can be extremely expensive, and that responsible reforms may be warranted to limit the cost to truly legitimate claims.

### **Section 3: OCCUPATIONAL SAFETY AND HEALTH STANDARDS (OSHA)**

#### **A. GENERAL PRINCIPLES**

The occupational safety and health standards and practices for counties should comply with Cal-OSHA.

#### **B. SAFETY MEMBER CATEGORY**

The safety member classification is intended to provide a retirement system for the class or classes of public employees whose duties consist of physically active functions in the protection and safety of the public. The purpose of such classification is to ensure that persons so employed will be agile and active and possess a high degree of physical alertness and stamina and it is designed to provide an opportunity for career employment and, at the same time, provide for and ensure separation from such service without financial hardship at a relatively younger age than other employees. The term "safety," as used in the retirement law, refers to the safety of the public.

Personal risk or the hazardous nature of job functions are not elements of the classification and shall have no bearing in determining the establishment of or eligibility for safety membership.

#### **Section 4: COORDINATION OF PERSONNEL FUNCTIONS WITH CENTRAL ADMINISTRATION**

Counties are encouraged to establish and maintain effective partnerships between central administration and the personnel functions and to link activities directly related to those functions. Counties recognize the success or failures of local government rests heavily on the quality of its personnel, and therefore support the close organizational ties between the central administration and the personnel function.

#### **Section 5: EQUAL EMPLOYMENT OPPORTUNITY**

##### **A. GENERAL PRINCIPLES**

The California State Association of Counties is committed to the concept of equal employment opportunity in public service as a basic merit system principle. Acceptance of this principle does not end with mere prohibition of discriminatory practices. We recognize the obligation of counties to develop practical plans for specific steps to be taken to achieve more fully the goal of equal employment opportunity in county government. This includes positive efforts in recruitment, examination, selection, promotion, pay, job restructuring and due process protection so that appropriate numbers of protected group members achieve positions in county government and are provided promotional opportunities at all job classification levels.

##### **B. TESTING, SELECTION AND PROMOTION**

Counties believe initial selection and promotional devices used should eliminate artificial barriers, be job related and ensure job success. Special consideration should be given to facilitate the transfer and promotion of qualified employees and full utilization of human resources particularly in protected classes.

##### **C. LICENSING AND CERTIFICATION**

The counties urge a review of all requirements for licenses or certificates for county employment to ensure they are realistically related to job performance. Counties should strive to prevent the requirement of licenses or certificates when those requirements create artificial barriers to employment and/or upward mobility.

##### **D. STATE DUPLICATION OF FEDERAL LAW AND REPORTING REQUIREMENTS**

Counties are opposed to the adoption of state laws which duplicate, are inconsistent or conflict with federal law or regulations.

Counties are greatly concerned with the multitude of varying EEO reporting requirements coming from state and federal government. The time required to gather and report EEO data from the many different state and federal agencies, each requiring its own data, greatly reduces

the time available to accomplish the objective of EEO. Counties urge state and federal government reporting requirements that are realistically related to necessary monitoring and evaluation activities.

Counties support the consolidation and integration of federal agencies with responsibilities for the monitoring, auditing or regulating of local affirmative action plans and activities. The federal government should initiate efforts to increase standardization and uniformity of their practices in these areas.

#### **Section 6: WORKFORCE DEVELOPMENT**

CSAC recognizes and endorses the principles of prime sponsorship and accountability of county officials in the planning, administration and supervision of comprehensive local systems of workforce training and employment--with a minimum of federal regulation.

## CHAPTER TEN

# Financing County Services

### **Section 1: GENERAL PRINCIPLES**

California counties are the unit of government best suited to deliver public assistance, public protection, and some public works services, but counties have limited ability to adequately finance these responsibilities. In order to meet each community's unique needs, counties must be given greater financial independence from the state and federal budget processes, including the authority to collect revenues at a level sufficient to provide the degree of local services the community desires. Counties will seek a level of financial independence that provides for the conduct of governmental programs and services, especially discretionary programs and services, at an adequate level.

### **Section 2: STATE POLICY OBJECTIVES**

#### **A. Program Realignment**

Reforms of county finances need to involve agreement between the State and the counties on a realignment of responsibilities to provide social services, income maintenance, health care, justice services, or any other service that the county is best suited to provide. Counties must be given realistic and adequate revenue sources to pay for ongoing program and service responsibilities. The CSAC Realignment Principles document that the Board of Directors adopted in 2010 appears as an appendix to this Platform.

#### **B. Financial Independence**

Counties have neither the financial resources to operate state programs and also meet local needs, nor the ability to predict service levels beyond each legislative session. Therefore, counties advocate aligning revenue authority with service responsibility, and support other measures that would grant counties financial independence.

Counties strongly support the provisions of Proposition 1A (2004), which provides constitutional protection of local governments' property tax, sales tax, and Vehicle License Fee revenues. It also requires the Legislature to fully fund or else suspend reimbursable local mandates.

However, counties continue to advocate for a guarantee that the state will appropriate sufficient funds prior to requiring counties to provide new or increased services. (Also see Chapter XIII: STATE MANDATE LEGISLATION.) Counties also seek a guarantee that programs and services that are funded wholly or partially by the state will annually receive full adjustments for the increased cost of providing them, including inflation and population.

Counties will firmly oppose any attempt by the state to borrow property tax revenue from counties under the provisions of Proposition 1A. Such borrowing would cause counties increased costs in several areas, including the cost of borrowing and lost investment income. Furthermore, borrowing to cover ongoing state costs is fiscally unwise, and would put negative pressure on state funding of county-provided services in the out-years.

Counties should be granted enhanced local revenue-generating authority to respond to unique circumstances in each county to provide needed infrastructure and county services. Any revenue raising actions that require approval by the electorate should require a simple majority vote.

Counties seek a guarantee that the state will pay reimbursements and subventions promptly, with the payment of interest to counties when it does not pay promptly.

Counties should have the ability to adjust all fees, assessments, and charges to cover the full costs of the services they support.

### **C. Existing Revenue Sources**

The state should recognize that property tax revenues are a significant source of county discretionary funds. Counties oppose erosion of the property tax base through unreimbursed exemptions to property taxes. Any subventions to counties that are based upon property tax losses through state action should be adjusted for inflation annually.

The state should recognize that counties incur significant costs in administering the property tax system and in maintaining financial records for other government entities and jurisdictions. Counties should receive full reimbursement from all recipients – proportional to their benefit – for actual administrative costs upon distribution of property tax proceeds.

In 1991, the state and counties entered into a new fiscal relationship known as realignment. Realignment affects health, mental health, and social services programs and their funding. The state transferred control of certain programs to counties, altered program cost-sharing ratios, and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes. Counties support full continuation of all dedicated realignment revenues. Counties also urge the state to pay counties for the full, current annual costs of administering programs on its behalf, which is currently frozen at 2001 levels.

Counties support the provisions of revenue neutrality and encourage enhancements and improvements to new city incorporation law. Property tax transfers resulting from municipal incorporations should be generally negotiated.

Any distribution formula for new sales tax revenue growth should not be limited to a situs-only distribution. Other options for distribution of new sales tax revenue growth should be fully explored. Also, counties oppose unreimbursed sales tax exemptions made by the state.

### **D. Efficient Government**

The state should facilitate the efficient use of taxpayers' dollars by:

1. Streamlining or eliminating unnecessary planning, reporting, and administrative requirements in state-county partnership programs.
2. Reducing or eliminating regulations that seek to control the implementation of state-mandated programs and services.
3. Granting counties greater flexibility to manage county programs in a more efficient and effective manner and tailored to a community's individual needs.
4. Allowing counties to use the least costly methods of providing services while meeting operational needs.

### **E. Equal Treatment**

The allocation of new financial resources or needed reductions should treat all counties equally, based on service needs.

There should be ongoing efforts to discuss and negotiate equitable resolutions of conflicts between counties and other units of local government.

#### **F. Aligning Revenue Authority with Service Responsibility**

The passage of Proposition 13 and implementing legislative and judicial decisions, along with myriad other actions since, have eliminated most connections between the payment of taxes and the benefits received by the individual or business taxpayer. Counties support aligning revenue authority with the level of government responsible for providing services.

#### **G. Master Settlement Agreement**

Under the terms of a Memorandum of Understanding (MOU) with the state, California counties receive forty percent of proceeds from the Master Settlement Agreement between the tobacco industry and a number of states. The MOU specifies that these funds are discretionary. Counties oppose any effort to diminish their share of the tobacco settlement or to impose restrictions on its expenditure. Additionally, counties oppose any effort to lower or eliminate the state's support for programs with the expectation that counties will backfill the loss with tobacco settlement revenue.

### **Section 3: FEDERAL POLICY OBJECTIVES**

#### **A. Basic Service Levels**

The federal government should finance a basic level of health, social service, and income maintenance services, including resultant county administrative costs. It must provide flexibility to adjust to local needs and circumstances and it must provide for long-term program planning and program stability.

#### **B. Adequately Finance Specific Program Objectives**

Federal efforts to address certain domestic needs as partners with counties must adequately provide for county administrative costs, provide flexibility to adjust to local needs and circumstances, provide for long-term program planning, and provide for program stability.

#### **C. Shared Revenues**

The federal government should continue to share the benefits of its greater and more equitable taxing ability with state and local government in a non-restrictive manner. When possible, the shared revenues should be provided in the form of block grants.

#### **D. Encourage Public Investment**

The maintenance and development of state and local infrastructure must be facilitated with federal tax exemptions for state and municipal debt and by special taxing and expenditure programs to meet priority needs.

#### **E. Payments In Lieu Of Taxes**

Payments in lieu of taxes (PILT) should be made in full whenever the federal government removes or withholds otherwise productive property from the property tax rolls. PILT payments should receive full cost of living adjustments annually.

#### **F. Taxation Of Remote Sales**

The federal government should endeavor to approve a nationwide system for sales taxation that ensures fairness between remote and brick-and-mortar retailers.

#### **G. Telecommunications**

Counties endorse promoting competition among telecommunications providers and treating like services alike. Any effort to reform the Telecommunications Reform Act of 1996 must maintain local management of the public rights-of-way, encourage investment in all communities and neighborhoods, preserve support funding for public education and governmental (PEG) channels and institutional networks (I-NET), and hold local governments fiscally harmless for any loss of fees or other revenue that result from franchise agreements.

## CHAPTER THIRTEEN

# State Mandate Legislation

Ever since SB 90 (1972) limited property tax rates, the state has been required to pay for new or higher levels of service it requires from counties and other local agencies. Propositions 4 (1979) and 1A (2004) strengthened that requirement and established it in the California Constitution. However, the issue of mandate reimbursement remains contentious, since mandates reside where the core principle of local control and the reality of counties as providers of state services intersect.

Mandates are particularly burdensome for counties because of the severe restrictions on raising county revenues to pay for new requirements.

Implementing programs and new levels of service is costly, so the Legislature should either fund a mandate annually or repeal it completely. Continually suspending mandates merely burdens counties with either funding the service out of its own general funds or absorbing the cost of repeatedly resetting service levels.

State mandates should only be imposed when there is a compelling need for statewide uniformity.

All state mandates should be funded prior to delivery of the new or higher level of service. The current policy of reimbursing established mandates two years after the fact constitutes a loan from counties to the state. The state should not require counties to provide a service for which it is unwilling to timely pay. Bills mandating new or increased levels of service should include a direct appropriation.

Local agencies and the state should endeavor to take advantage of Reasonable Reimbursement Methodology and Legislatively Determined Mandates. These processes will provide budgetary certainty to the state and counties, and help to decrease the extraordinary time and cost involved with determining reimbursement levels through the traditional Commission on State Mandates process.

The current mandate determination and processes must be reformed. The reforms must make the determination process more efficient, in terms of both time and cost, and less biased against local agencies. State audits of local claims must be timely, consistent, reasonable, and predictable.

It should not take seven years to determine whether the state has required a new or higher level of service. State Controller audits should not be able to cut reasonable claims by half or more based on technicalities or unreasonable records requirements.

Constitutional amendments should not exempt additional categories of state mandates from cost reimbursement. Also, voter approval of requirements or programs similar to those already established as reimbursable mandates should not be cause for the state to cease reimbursements.



