



Executive Director's Watch

CALIFORNIA
Counties

January 7, 2009

Starting Over

As you have probably read, Governor Arnold Schwarzenegger has vetoed the package majority-vote budget bills approved by the Legislature in mid-December. You will recall that these bills would have enacted budget solutions of about \$18 billion through a mix of spending reductions and new revenues. Budget negotiations are now back at square one, with emotions running high and no end in sight.

In dueling press conferences over the last two days, Senate President Pro Tem Darrell Steinberg and Assembly Speaker Karen Bass, as well as the Governor described their views on the current impasse. The Pro Tem and the Speaker indicated their frustration at the Governor's increased economic stimulus demands for inclusion in the budget package. The Governor expressed his concern with the lack of additional cuts in the package, as well as the lack of specific components of an economic stimulus package that he requested. However, the Governor did indicate to the press that he would call a meeting of the Big Five for tomorrow.

We have previously reported that the state's cash situation is nearing exhaustion. The State Controller anticipates additional information and direction on the possible issuance of registered warrants (commonly referred to as IOUs) some time next week. We will share information on this issue as soon as we know it.

In a "normal" year, this coming Friday would be the day that the Governor would release his budget plan for the coming fiscal year. However, in light of the release of the 2009-10 budget proposal on December 31, we are not sure as to what, if anything, will be unveiled by week's end. We will report to you any additional information as it becomes available.

In the meantime, CSAC has prepared the attached talking points for your reference and use. It is important that counties communicate consistently about the state's impending cash crisis that, if it comes to pass, will result in dramatic consequences at the local level. We recognize that there are no easy solutions, but a swift resolution is our best hope for managing our way through the economic crisis.

We will share a CSAC press release, expected to be finalized tomorrow, with you on this topic as well. In that release, we intend to highlight specific examples of the direct impact of the economic crisis at the county level.

We greatly appreciate your patience and resolve during this difficult time.

Paul McIntosh
Executive Director
California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500 x506
(916) 441-5507 - Fax
pmcintosh@counties.org
www.csac.counties.org