



July 1, 2009

## **The Hour of Midnight Having Come and Gone ...**

Regrettably, the Senate – despite many an impassioned plea – was unable to muster the votes tonight to pass a short-term budget solution. Therefore, the opportunity to capture \$3 billion in 2008-09 savings disappears, and the state begins the 2009-10 fiscal year with an even larger hole to fill.

Counties need to brace themselves for the issuance of IOUs as early as Thursday of this week and, in all likelihood, an additional round of cuts to help close the gap.

We regret that there is not better news to share at this time. A great deal of disappointment and frustration abounds in Sacramento. We will report more information later today as it becomes available.

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