

Senate and Assembly Select Committees on Improving State
Government
“Untangling the State and Local Government Relationship: Moving
Government Closer to the People”

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State Capitol, Sacramento

Testimony of Supervisor Tony Oliveira, Kings County Supervisor and
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Good afternoon and thank you, Mr. Chairs. I am Tony Oliveira, a member of the Kings County Board of Supervisors and President of the California State Association of Counties. I appreciate the opportunity to discuss with you the county perspective on the state-local relationship. More than any other level of government, counties' fates are inextricably linked to that of the state. Counties, as you know, are the state's service provider, in addition to providing municipal services in the unincorporated areas and countywide services required by law.

We always welcome the opportunity to join the “festival of reform” that we're experiencing in this state. While we have plenty of gripes to share, I'd also like to discuss with you counties' view of potential changes that can improve our relationship and, we believe, how Californians are served by government.

If we are looking for true reform and make real improvements, I'm going to assume you are asking for our candid input. So here it is ... When it comes to the state-county relationship over the last decades, the term "dysfunction" doesn't quite cut it. Cuts, shifts, flips, swaps, deferrals, IOUs, and loans have so significantly deteriorated the relationship we share, it is difficult to imagine a worse kind of partnership. Even in good economic times, counties cannot rely on the state to be reasonable, collaborative, straightforward, or responsive. Put simply: the state, in the eyes of counties, is an untrustworthy partner.

Since we are elected leaders in an environment in which the public is clamoring for greater accountability and responsibility from its government representatives, counties want to take this opportunity to seek a more functional relationship with the state that allows us to provide services to the public in an efficient and effective manner. If we let the opportunity pass, we will surely confirm the worst notions about our ability to govern.

In the current fiscal climate, there have been significant discussions about government revenues and the appropriateness of raising or reforming them. Those conversations are all good ones. However, counties have a fundamental concern about the Legislature's ability to and, frankly, inclination to undermine local revenues. Whether it is through outright grabs, delays, deferrals, or other statutory changes, we know from experience that there are numerous opportunities to disrupt the flow of resources to local governments. The current state

budget is a good example: Proposition 1A borrowing, significant delays and deferrals of transportation and health and human services funding, mandate suspension and delays. Other proposals that would have eliminated certain transportation funding sources were gratefully not approved by the Legislature, but certainly were on the table right up to the last minute.

Such actions fundamentally destabilize local governments and the services that we provide. Even the Proposition 1A securitization, which had strong bipartisan support and which we were eventually able to achieve, was in serious jeopardy until the last moment due to unrelated issues in the Legislature. As long as the State is willing to look to locals when the fiscal going gets tough, we will continue to live in this dysfunctional environment.

Counties work hard to be good fiscal stewards. We are making difficult decisions to manage the current fiscal environment: layoffs, furloughs, service cuts. We are setting priorities, managing state budget cuts, and balancing budgets. We are doing these things on time and in public. We suggest to you that we are the appropriate level of government to have the option to ask the voters to approve new revenues and to do so with a vote threshold that is lower than the current 2/3 requirement. We believe that this change will allow us to be responsive to our constituents and address local priorities in a reasonable manner.

We also suggest that you consider an end, or at the very least a pause, to new mandates on local government. This is important for a few reasons: First, the state can ill-afford the mandates that must eventually be funded. Second, there is a lack of adequate fiscal analysis prior to legislative approval of new mandates, resulting in a bit of shock and awe once the bill comes due. Finally, this year's budget suspends certain mandated programs and services, ones that have already been approved and funded. This scenario makes no sense: it means that local agencies will have to make the determination whether to stop performing the mandate or continue the mandate at its own cost. With great respect to the fiscal difficulty you faced this past year and will be facing again, decide what mandates you would like us to do and then fund them. If you cannot afford to fund them, tell us to stop doing them and, please, stop approving new ones.

In terms of improving the legislative budget process, we believe that the state's fiscal outlook could be greatly improved with some reasonable changes.

- Focus on oversight and review of state programs to ensure that programs and services are meeting the Legislature's goals and objectives and are cost-effective. Oftentimes, the Legislature has limited information as to how State departments have implemented budget cuts or program changes or how local agencies are responding to a particular budget choice. We are more than willing to participate in such oversight hearings.

- Open and public hearings that include input from interested parties and appropriate time for review of legislative proposals will help to reestablish trust between the public and the Legislature. We recognize that this is a significant culture shift in how Capitol business is conducted, but we believe our input and the input of others can be helpful and important to consider when discussing certain budget matters.

- State fiscal decisions should be made with a longer-term view and include prudent reserves that allow for appropriate funding of programs while also ensuring that existing debts are paid in a timely manner. This is of particular importance to counties when we consider the State's ongoing failure to meet certain funding obligations in jointly-funded health and human services programs for nearly a decade. Consider this along with rapidly mounting state debts, prison overcrowding and health issues, out-year obligations to schools under Proposition 98, and the sunset of temporary tax increases, it is difficult to fathom how you are ever going have the resources necessary to right the ship without a long-term strategy to get the state's budget in balance.

- Finally, and perhaps most importantly, we strongly believe that term limits must be modified if we want these changes to be effective. When we think about some of the problems we encounter when dealing with the Legislature, most if not all of

them eventually lead to the larger issue of limited terms. Legislators must be able to develop greater experience and expertise in a particular subject area in order to make thoughtful policy choices. The Legislature must also be able to evaluate its work and focus on legislative oversight and review in a meaningful way if we are ever to stabilize state government and reestablish trust with voters.

You have asked us to comment specifically on “realignment.” Mr. Mecca and Ms. Ryan will give you a summary of the history of the 1991 Realignment and lessons learned from a county perspective, but I wanted to discuss with you some of our thoughts about realignment in general.

First, we think that there is a good argument to be made that many programs are better provided at the local level. We believe that we do an excellent job at providing services at the local level when we have access to appropriate resources, appropriate guidance from our state and federal partners, and the ability to be flexible when necessary for our communities.

That said, realignment today, as it was in 1991, is clearly driven by a constrained fiscal environment. While it is nice to think about realignment in terms of policy outcomes, we should all realize that the goal is usually to find creative ways to move certain programs out of your general fund.

Determining what programs or services to realign is an important step and makes a real difference in the structure of a realignment. Usually the prime candidates are fast-growing, costly programs that the state wants to rid itself of or programs that cost about as much as some identified revenue source or programs that are already significantly underfunded. Not surprisingly, these options are not particularly attractive to locals. Remember, too, that the county agencies that would be responsible for carrying out realigned responsibilities are themselves reeling from staff and resource reductions. Many are barely able to carry out their core responsibilities with the already-limited resources available. Adding a new responsibility at a time when local service delivery systems are at the breaking point may not make much sense, and our members may not be overly enthusiastic about or receptive to these ideas.

We also know that programs, once realigned, are not static. The Legislature, as it naturally does, makes changes to statutory programs and often relies on the original revenue structure to fund those changes whether that assumption is realistic or not. (Not to mention the fact that the Legislature that created the realignment is termed out in just a few years.) Mandates happen in realignment and there needs to be a fair mechanism by which to address them.

The revenue component is perhaps the most complex of the realignment formula. Counties' view is that any realignment must include new, stable, adequate, ongoing revenue source or sources that can sufficiently fund programs on a statewide basis. Local

revenue raising authority for the purposes of realigning programs is not workable, particularly for programs that are statewide in nature.

We are certainly open to discussing options with you about realigning services and bringing government closer to the people. But we also want to be clear that a realignment in 2010 should not necessarily mirror that of 1991 and that counties will be wary of taking on new service responsibilities in this fiscal environment without significant assurances about funding resources and service responsibilities.

Perhaps more than anyone else, counties are keenly aware of the interconnected nature of government programs and services.

Because we have our feet in both worlds, we recognize that your fiscal and policy decisions impact the people that we serve on a daily basis, as well as the demands placed on us for services. With that in mind, we encourage you to consider the broader implications of your decisions and utilize counties expertise as you engage in your policy-making process. Thank you for your time today.