



County of Santa Cruz County Administrative Office

Facsimile Transmittal Form
Fax # 831-454-3420

DATE: January 27, 2009
TO: CSAC, Attn: Paul McIntosh
FAX NO. (916) 321-5047
RE: Proposed State Budget Actions
FROM: Susan A. Mauriello, County Administrative Officer

NUMBER OF PAGES INCLUDING THIS PAGE: 3

COMMENTS: This letter was also faxed to:

Senator Abel Maldonado
Assembly Member Bill Monning
Assembly Member Anna Caballero

SHOULD YOU HAVE ANY TECHNICAL PROBLEMS RELATIVE TO THIS FACSIMILE TRANSMISSION, PLEASE CALL 831-454-2100.

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County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

January 27, 2009

The Honorable Joe Simitian
California State Senate
P. O. Box 942848
State Capitol, Room 2080
Sacramento, CA 94248-0001

Re: Impact of Proposed State Budget Actions on Santa Cruz County

Dear Senator Simitian:

We have just recently been informed by the California State Association of Counties (CSAC) that the following components of a budget agreement are pending and may be enacted by week's end. We implore you to seriously consider the consequences of your actions as they relate to the impact of these decisions on county services.

PROPOSED DEFERRAL OF PAYMENTS TO COUNTIES

Counties do not have available cash reserves or borrowing capacity to manage the cash flow impact that will result from the proposed deferrals. We are struggling financially, just like the state. Santa Cruz County's current projected deficit for 2009-10, without regard for State Budget reductions or the impact of these proposed deferrals, is \$25 million- a **21% reduction in the County's Net County Cost** from the current year. We will be unable to maintain the services the state charges counties with administering if deferrals are made in such significant amounts.

Our preliminary estimate of the proposed cash deferrals for the 2008-09 and 2009-10 fiscal years is as follows:

✓	Health Programs:	\$12.6 million
✓	Human Service Programs:	\$14.7 million
✓	Transportation Funds:	\$ 3.7 million
Total to the General Fund and Road Fund:		\$31.0 million

Deferring payments to counties will not only have a real impact on community services, it is a bad business decision for the State, and is in sharp contrast to the goals of the federal economic stimulus plan. Cash shortages at the local level will result in the stoppage of work products and economic productivity (transportation); will place more people at risk of job loss (human services); and will decrease the mental and public health services that keep people from higher cost institutionalization (health services).

SERVING THE COMMUNITY - WORKING FOR THE FUTURE

Letter Regarding Proposed Payment Deferrals and Spending Cap
Page 2

January 27, 2009

THE HUMAN SERVICES DEFICIT AND A SPENDING CAP

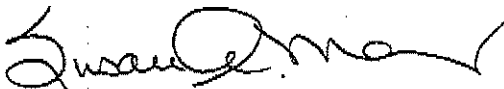
A spending cap would lock into place severely underfunded county-administered human services programs, including Foster Care, Child Welfare Services, CalWORKs, Adoptions, and Adult Protective Services. The human services funding deficit now totals nearly \$1 billion annually because of the State's continued freeze on funding levels at 2001 cost levels for most programs. Counties are placed in the untenable position of backfilling the gap with their own limited resources or cutting services. The human services funding deficit also puts the state and counties at risk of federal performance penalties.

The spending cap would lock this \$1 billion funding shortfall in place permanently.

We understand the extremely difficult task that you face and we know that you will consider these consequences as you deliberate this week.

Please contact me if you have any questions or need further information.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

cc. Board of Supervisors
Rama Khalsa, Health Services Agency Director
Cecilia Espinola, Human Services Agency Director
Tom Bolich, Director of Public Works
California State Association of Counties (CSAC)