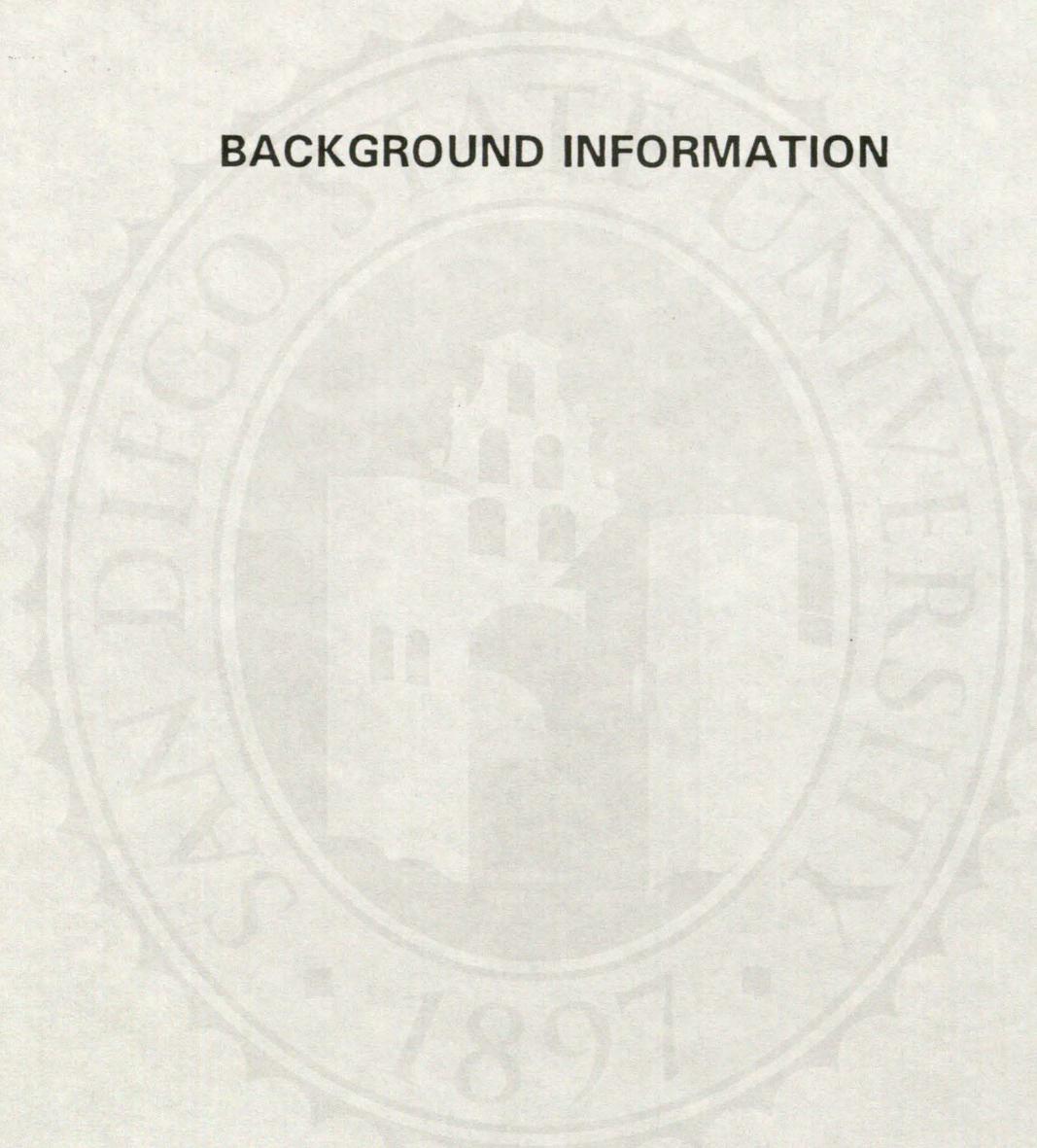


**BACKGROUND INFORMATION**



State Budget  
1993-94



# State of California

GOVERNOR'S OFFICE  
OFFICE OF PLANNING AND RESEARCH  
1400 TENTH STREET  
SACRAMENTO 95814

PETE WILSON  
GOVERNOR

June 17, 1993

PLEASE DISTRIBUTE IMMEDIATELY

To: Mayor, Councilmembers, City Manager, Finance Director

To protect local government there is an urgency to the State Budget process this year unequalled in the history of California. If there is no successful budget passed by June 30, 1993, the half cent sales tax will expire; retailers will stop collecting it, and the revenue will be lost, making California's difficult fiscal situation even worse. "Holding out" this year carries a bigger price tag than ever before.

Governor Wilson still remembers his days as Mayor. He understands the need for local government to provide basic services to the people of the community. He has publicly stated, repeatedly, that he would prefer not to have to reverse the AB 8 bailout, but due to a number of legal restrictions--yes, you could call them "constitutional mandates" on the State's flexibility--he feels he has no choice.

Governor Wilson's budget minimizes the fiscal impact on cities, and he has made proposals to severely reduce the fiscal impact on county governments as well.

1. The Statewide budget impact on cities is a total of \$288M. Counties will experience a greater AB 8 impact, but would be provided with other funds and options which will allow them to recover a major portion of the revenue loss because of the shift. With the extension of the ½ cent sales tax to 12/31, and with some special district fund flexibility and proposed mandate relief, counties will be able to receive over one billion dollars of their lost revenue.

2. The Governor has proposed removing mandates on local government which have no funding provided and which are not related to public safety. The legislature has already approved 33 for deletion or suspension, and dozens more are under consideration. Most will effect counties at this time, but the greatest budget urgency is also at the county level.

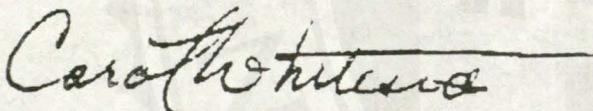
3. While legislators and lobbyists are looking for alternatives to the AB 8 formula proposed by the Governor, NONE have been suggested which would have less impact on cities. The League of Cities board, after an emergency meeting on June 9, said: "We firmly support the Governor's efforts to recognize the severe hardship confronting cities and minimize the proposed property tax shift," (President Pat Castillo).

Many proposals would increase the dollar shift to cities in favor of some other program or entity.

We all recognize the problems, but there are very limited options. I urge you to look hard at the choices before you, the Governor, and the legislature. Then I would ask that you act quickly to notify legislators to:

1. Insist on a quick and timely budget adoption with the 6 month sales tax extension, and which will give back to local government 750,000 this year.
2. Support the AB 8 bailout formula proposed by Governor Wilson in the May budget revision.
3. Support the Governor in his efforts to reduce State mandates and protect local government flexibility.

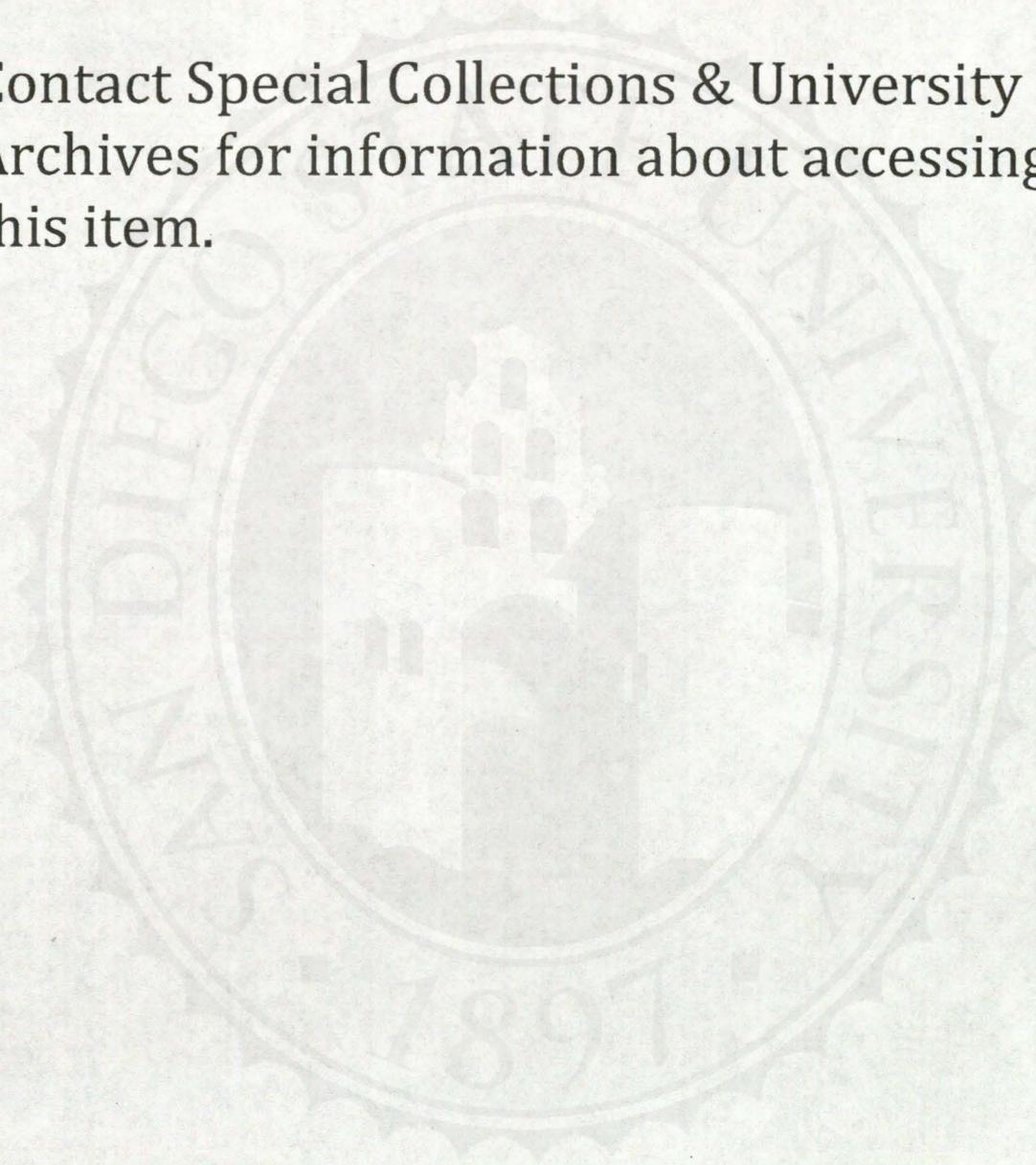
Please contact me (916) 323-5446) if you have any questions or need more information. I will try to respond quickly, because I understand the urgency of this matter. The Governor has committed to notifying the League of any proposed "last minute deals" which would adversely impact cities more than the \$288M in his proposal.



Carol Whiteside  
Director  
Intergovernmental Affairs

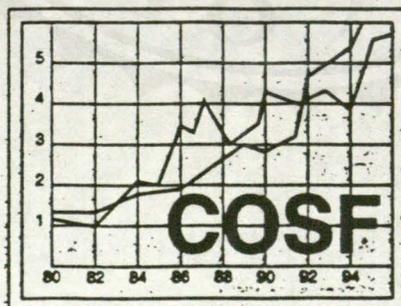
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# QUARTERLY GENERAL FUND FORECAST



June  
1993

COMMISSION ON  
STATE FINANCE

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**Is The May Revision  
A Comprehensive  
Solution To California's  
Economic And Budget  
Problems?**

Given the complex relationship between state and local governments in California and the far-reaching impacts that decisions made in Sacramento will have throughout the state, it is important to ask whether the May Revision is a comprehensive solution to the economic and budget problems facing all levels of government, private citizens, and business.

As it is currently structured, we believe the plan fails to fully put the state's fiscal crisis behind us. As indicated above, we believe that the General Fund would end with a large shortfall at the close of 1994-95, forcing the state government to deal with further uncertainty and budget cuts in the future. Just as importantly, the huge \$2.6 billion property tax shift will likely be disruptive to local government services, which are vital to California's economic health.

**Property Tax Shift Will  
Create Both Short-Term  
And Long-Term  
Problems**

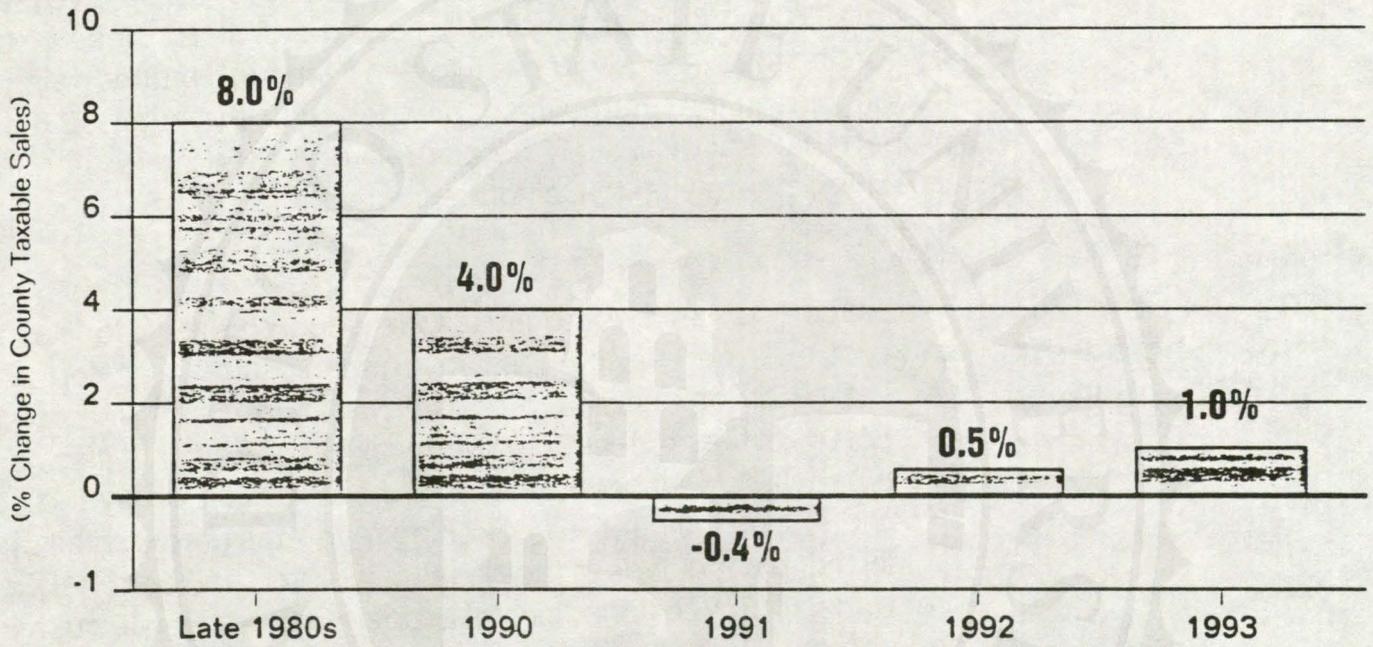
The property tax shift would cause local governments to lose a major share of their general purpose revenues. Coming on top of this year's \$1.1 billion shift, the proposal would cause counties to lose nearly 40% of their pre-1992 property tax base. The shift also comes at a time when local governments are being buffeted by the same forces affecting the state—weakening revenues (see Exhibit 8) and rapidly rising caseloads in their health, welfare, and criminal justice programs. The additional loss of property tax funds will push local governments' budgets further out of balance. Unless local governments are successful in obtaining voter approval for local sales taxes, there will be potentially major cuts to basic safety, welfare, and municipal services. Even if sales tax measures are successful, the amount of taxes raised for some counties, such as Los Angeles, would cover only a limited portion of the property tax losses.

Even if some local governments are eventually successful in raising sales taxes, the proposal could create longer-term problems. These include unproductive competition between counties and fragmentation of health and welfare services. Moreover, increased reliance on the local sales tax could have unintended effects on local land-use decisions. For example, in order to maximize sales tax receipts, local jurisdictions may be compelled to favor retail outlets—which produce sales taxes—over a more balanced mix of commercial, industrial and residential development. More specifically, the shift from property to sales taxes may discourage new residential development to the extent that counties would be burdened with new municipal, police, and fire services, but would not reap the benefits of higher local property taxes to pay for the additional services.

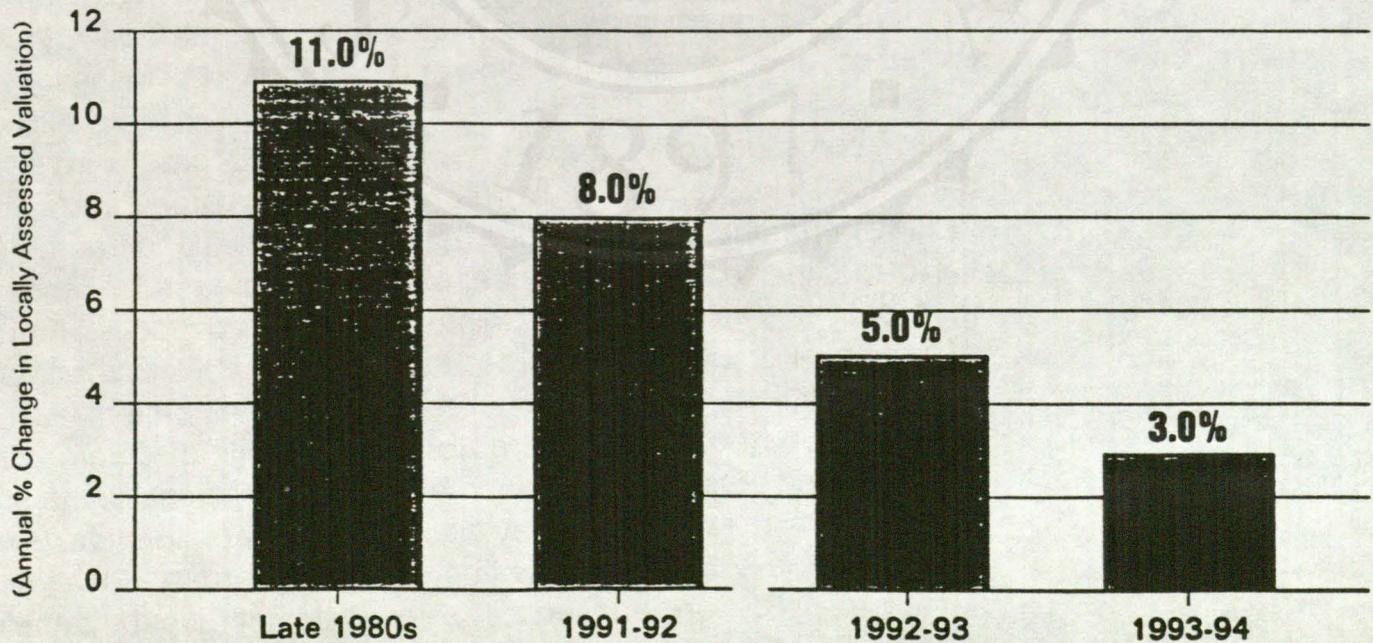
EXHIBIT 8

# Local Taxes Weakening

## Sales Taxes



## Property Taxes



## PROVISIONS NECESSARY TO OFFSET COUNTY LOSSES

- \* Change the shares of the \$2.6 billion property tax shift so that they are more equitable. The total value of AB 8 is not a fair comparison between counties and cities. The AB 8 property tax only is the only method which controls for the differences between counties and cities. All special districts should be included in the shift.
- \* No city should share in the half-cent Sales tax.
- \* There must be no maintenance of effort or anti-supplanting language governing the commitment of the Sales tax to law enforcement and fire.
- \* There must be a "poison pill" or "hold-harmless" provision which protects counties or puts other entities at risk if the Sales tax election fails.
- \* The appropriate share of property tax administration should be paid for by the State or by a combination of the State and schools.
- \* The bulk of the TP&D roundabout should go to counties.
- \* The cost of the November election should be paid for by the State.
- \* There should be a sunset and language to reverse the property tax shift after three years.
- \* Clarify that the Transactions and Use Tax authority of counties is only subject to "any applicable, legal vote requirement".
- \* Allow counties to raise any fee on persons or entities if the county makes a finding that the current fee provides for less than full cost recovery.
- \* Allow counties which had voter approval for retirement debt to increase the property tax rate above the one percent cap.
- \* No repeal or modification of the booking fee.
- \* Enactment of SB 413 (Kopp).

The last sentence of item #1, without explanation, may appear to be drafted too broadly. It is not intended to include dependent county fire districts. The purpose of this policy was to engender discussion regarding inclusion of enterprise districts.

## Office of General Services

County of Lassen



• PERSONNEL • PURCHASING • PRINTING SERVICES • CENTRAL • MOTOR POOL • RISK MANAGEMENT

CHRISTINE V. BEARD, Director  
Lassen County Administration Building  
707 Nevada Street  
Susanville, CA 96130

☐ (916) 257-8311, ext. 321  
FAX: (916) 257-4898

DATE: June 21, 1993  
TO: William Bixby, CAO  
FROM: Christine Beard *CB*  
RE: Mandate Relief - SB627

As per your request the following is a response to the mandates listed in the Health, Safety and Welfare categories and the funds the County of Lassen would save, if any.

1. Allows counties experiencing severe financial hardship to apply to the State Commission on Mandates to reduce general assistance (WIC 17000) standard of aid for one year.

In Lassen County this would mean we could pay 20% less than the current AFDC rate. The rate for one person is \$304. Our current GR rate is \$264. The savings per recipient per month would be \$20.

TOTAL GENERAL FUND SAVINGS PER YEAR \$12,000

2. Exempts counties from the mandate of providing WIC 17000 recipients Medical optional benefits that the state drops.

CHEAC was unavailable for comment. Local interpretation translates this to mean that this would impact the CMSP program which is also dropping optional benefits, some of which were formerly provided through Prop 99 funds. These include dental, psychology, speech therapy, chiropractic, medical supplies and a few others. These are currently not covered under the CMSP. As the structure and responsibilities of the CMSP are changing actual savings are unknown. Due to a dramatic decrease in expenditures in the CMSP program resulting from a lower provider rate structure implemented last October, an educated guess would be that there would be little savings. OF NOTE: Suits are pending on these reduced rates and discontinued services.

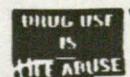
3. Prop 99: Reduces the specific dollar Maintenance Of Effort required under Proposition 99 to reflect the reduced state contribution to County Health Services, as was done in 1992-93.

WILLIAM D. BIXBY

JUN 22 1993

LASSEN COUNTY  
ADMINISTRATIVE OFFICER

We Support a Drug Free Lassen County



This county maintains a high MOE and is not in danger of losing Prop 99 funds. If we were to lose these funds the amount would be approximately \$12,000 and possibly the Tobacco Education Program (appx. 155,000). A better approach would be the suspension of the County Match required, \$119,000 of General Funds. By reducing some of the General Fund Programs such as Animal Control, Predatory Animal Control, etc. this would mean that the funds normally spent in these programs would have to go to the Public Health Program before the county would be eligible to receive Realignment dollars.

4. Allows counties to enforce the responsibility of Alien Sponsors by allowing counties to deem a portion of the sponsor's income to be included in calculations determining a General Assistance client's income.

Lassen County has no eligible population. No General Fund savings.

5. Realignment: Relieves counties of the Mental Health Realignment Maintenance of Effort for two (2) years.

The State Department of Mental Health did not know what this meant. They suggested that this could be the 10% County General Fund match required in counties larger than 200,000 in population.

No General Fund savings.

6. Expands Fresno County pilot project aimed at increasing financial incentives to counties for increased recovery of overpayments.

Lassen County's outstanding overpayments as of May 31 were \$156,144. We receive 5% (\$7,807). If this were increased to 25% this would only result in an additional \$39,036.

7. Eliminate requirement that the department of Health and Human Services develop and establish guidelines for submission and approval of city and county project plans for the provision of public health nursing services for the aged.

Lassen County does not do this. No General Fund savings.

8. Eliminates the Annual In Home Support Services Plan.

This takes approximately 1/2 hour by phone. No General Fund savings.

9. Authorize Board of Supervisors to consolidate and eliminate various county health and human services advisory boards. The Mental Health Advisory Board is exempted.

Lassen County currently has an Alcohol and Drug Advisory Board and a Mental Health Advisory Board. Total expenditures for both would not exceed \$500.

No General Fund savings.

10. Suspends for one (1) year the requirement that the local health officer prepare a list of planning and birth control clinics located in the County and make such list available to all hospitals and physicians in the county.

Lassen County has turned the provision of these services to North Eastern Rural Health Clinics.

No General Fund savings.

11. Eliminates requirement that counties provide an up-to-date directory of human services.

North Eastern Rural Health Clinics prepare this director and Health and Human Services contributes \$1,000 to its publication.

No General Fund Savings.

12. Suspends for one year requirement that each local health department provide occupational health services to promote the health of employed persons.

Lassen County does not do this.

No General Funds savings.

13. Suspends for one year requirement to adopt noise guidelines.

No funds budgeted. No General Fund savings.

14. Suspends for one year regulations to protect the public health from diseases transmittable from pet birds to humans.

This County does not have a regular bird program. No General Fund savings.

15. Allows counties to enter into Net Negotiated Amount contracts with the State for alcohol and drug programs to increase the discretion and flexibility of counties.

No General Fund savings.

In conclusion, of the \$236 (plus change) million in savings, Lassen County would at best save \$51,036 in general fund expenditures.

**MANDATE RELIEF - SB271**

1. **New Tier Retirement system. Allows counties to offer a new tier retirement system with a reduced employer and employee contribution.**

As the County is currently laying off almost 50% of its General Fund employees and doesn't anticipate hiring new staff this would have no effect.

No General Fund savings.

2. **Extends Prop. 111 Maintenance of Effort suspension enacted in 1992-93 for two (2) more years (until 1997).**

This effects the Road Department and Road only.

No General Funds savings.

3. **Suspends for two years the Waste Board's Authority to penalize a community for failure to achieve the 25 percent diversion goal mandated by AB 939. Communities in non-compliance could be assessed \$10,000 a day.**

The County is not currently working toward compliance at this time. Try to get blood out of a stone.

No General Funds

4. **Restricts mandate on counties to provide animal control services to unincorporated area.**

The budget for Animal Control is \$34,149 of which the majority is used to support the Animal Shelter. Revenues for this program total approximately \$29,000 (from Health Realignment).

**TOTAL GENERAL FUND SAVINGS \$5,149**

5. **Repeals requirement for cities/counties to pay for school crossing guards.**

The County does not pay for this service.

No General Funds savings.

6. **Eliminates SB 198 for Local Governments.**

No new taxes are anticipated.

No General Fund savings.

7. Suspends various County Audits requirements for one year.

The County spent \$22,000 for the County-wide single audit. Part of this amount is paid by various other funds (H&HS, Transportation) for a net County cost of approximately \$17,000.

General Fund savings \$17,000

8. Creates a single audit for state grants and subventions to meet financial and compliance requirements.

The Federal Government already provides for this through the Single Audit Act. This seems in conflict with #7.

No General Fund savings.

9. Eliminated County Welfare Department Self-Evaluation.

Not currently budgeted for.

No General Funds savings.

10. Repeals requirement for local governments to verify worker's compensation coverage by certain applicants.

Building Inspector requires this certification. Minimal time is spent on this function.

No General Fund savings.

11. Eliminates local certification for EMT-P'S.

The County does not certify.

No General Fund savings.

12. Extends date for adopting local recycling ordinance by one year.

The County has no recycling ordinance. See #3

**MANDATE RELIEF - SB 86**

1. **Suspends for two years the application of Correctional Treatment Center regulations to county jails.**

Personnel unavailable for comment.

2. **Eliminates mandatory court appearance of juvenile traffic offenders except for juvenile traffic violations which involves financial responsibilities, speeding violations exceeding 15 or more miles an hour and those involving the use or possession of alcohol.**

Judge has already given permission to not pursue these cases due to the large cut in personnel in the Probation Department. There are minimal exceptions.

No General Fund savings.

3. **Allows the Board of Supervisors authority to close the courts to allow furlough of employees as agreed upon by the county and labor unions.**

General Fund savings (Maximum) \$25,000

4. **Allow court reporter fees to equal the actual cost of reporter services from the first day of service.**

The County has no court reporter fees,

No General Fund savings.

5. **Consolidates the "Annual Report of Court Operations" and the "Transmittal and Certification of Quarterly Financial Report of Revenues and Court Expenditures."**

Saves approximately two (2) hours of the Auditor's time.

No General Fund savings.

6. **Eliminates the Public Guardian to file a "General Plan and Notice."**

A majority of counties, including this county, do not currently prepare this report.

No General Fund savings.

7. Eliminates the ability of judges to order the board to make expenditures for court operations.

Judges have been prudent in these expenditures.

No General Funds savings.

8. Contains intent language which declares that the Legislature finds and declares that the enactment of SCA 3, which would allow counties to merge superior and municipal courts into district courts, would yield substantial savings.

General Fund savings is estimated at **\$20,000**

RE: SB-1033: MANDATE RELIEF: COUNTY GENERAL ASSISTANCE PROGRAM

This bill would authorize the County Board of Supervisors to apply to the Commission on State Mandates to have its General Assistance standard of aid reduced below the established level if a hardship on the county's financial condition is determined.

This bill provides for a standard of aid that is 62% of the 1991 federal poverty guideline. The federal poverty guideline for one person is \$552 and 62% of that is \$342. The \$342 is \$30 MORE than the current AFDC rate for one person which is \$309, and \$78 MORE than the current General Relief payment of \$264.

**IMPACT ON GENERAL FUND:**

50 persons/month @ \$78 increased payment

**LOSS TO GENERAL FUND** **-\$46,800**

A more reasonable approach, which is being currently discussed is the option to pay at 20% below the AFDC rate. This would result in a \$20 per person savings to total \$12,000 savings to the General Fund.