

# Budget Action Bulletin No. 4

Local Government Budget Advocacy Strategy for 2002-03

---

Week of May 6, 2002

## Via Electronic Mail

DATE: May 6, 2002

TO: CSAC Board of Directors  
County Administrative Officers  
CSAC State Budget Task Force  
CSAC Corporate Associates

FROM: Steve Keil, CSAC Legislative Coordinator  
Pat Leary, CSAC Legislative Representative

RE: **Budget Action Bulletin #4**

---

Counties need to be very concerned about the state shifting costs to counties during the budget process. Already, the Legislative Analyst's Office (LAO) has recommended deplorable cost shifts to counties that one budget subcommittee has already approved. Citing the Sonoma County case, the LAO recommended shifting up to \$28 million in Early Periodic Screening, Diagnosis and Treatment (EPSDT) program funds to counties in Assembly Budget Subcommittee No. 1. On April 22, the subcommittee voted to adopt the LAO's proposal. This recommendation amounts to a 50 percent increase in county costs for the EPSDT program.

Relying on dicta from the Appellate Court decision in *Sonoma vs. the Commission on State Mandates*, the LAO indicated that the state is free to shift costs to counties with impunity. Although many of these proposed cost shifts in programs for which counties share funding responsibility (e.g., pay a share of costs) fall within the Health and Human Services area, the LAO has proposed costs shifts in other program areas, including public safety and juvenile justice. The state's share of costs in these programs runs in the billions of dollars – creating an unconscionable risk to county budgets.

CSAC absolutely disagrees with the LAO that increasing the share of cost for counties is not a mandate. The LAO's proposal opens the door for the state to increase county expenditures to relieve the state of its obligations. Unlike the Educational Revenue Augmentation Fund (ERAF) shift this so neatly resembles, CSAC believes that the Constitution and case law are quite clear.

EPSDT is a federally mandated program. California is required to provide Medi-Cal recipients under 21 years of age any health or mental health service that is medically necessary. Counties current pay more than \$55 million for a share of base cost for the EPSDT program, which is adjusted annually. The EPSDT budget is approximately \$700 million, including county, state and federal funds. The Governor's January Budget augments the EPSDT budget by \$133.7 million (\$70 million GF) in order to pay for the growth in the caseload for this program. Under the LAO's proposal, counties would likely have to reduce services for other patients in order to serve children.

**WHAT YOU SHOULD DO:**

Contact your legislators. Visit them in the district. Phone. TALK, TALK, TALK.

*The Grassroots Message for 5/06/02 through 5/17/02 is...*

We encourage you to contact your legislator(s) to discuss your county's present budget situation. In these discussions it is important to highlight that **counties oppose action to shift costs from the state level to counties**. Urge your legislator(s) to reject insupportable shifts of state financial responsibility onto counties without providing the resources to pay for the new obligations. The EPSDT action is a prime example of an insupportable cost shift to counties.

If the Legislature is going to reduce state contributions to state-county partnership programs, then they must reduce the scope of programs or services commensurate with the reduced funding. Counties cannot backfill the state's obligations. In your discussions with your legislator(s), discuss how your county service delivery has already been limited by revenue reductions and cost increases. Let them know what services your county would be forced to sacrifice if further cost shifts occur. Conclude by indicating that you would like to have regular discussions about state budget issues of significance to counties throughout the duration of the state budget crisis.

Keep in mind that legislators may respond by saying that the state faces a multi-billion dollar budget crisis and, if counties don't assume their share of the shortfall, other interests will suffer even more greatly. They may even ask you to identify where they should cut. In response, please share with them the following:

- Your statewide organization, CSAC, has been actively working with the administration since August 2001 through its State Budget Task Force, chaired by Santa Clara County Supervisor Jim Beall. The Task Force has offered numerous proposals to assist the state (please see **Recommendations of the CSAC State Budget Task Force** at the end of this Bulletin) in resolving its budget crisis. **Approximately \$5 billion** worth of solutions have been embraced by the Governor, and additional options remain.
- You can turn the question around. Ask your legislator which **county** programs they would like to see cut if the state takes local revenue. We recognize that they have a hard job to do, but counties face similar challenges, as well. Relatively speaking, in many cases, counties have less discretion and less control over their spending than the state.
- Ask them to acknowledge that hundreds of millions of dollars of state-county partnership programs are already proposed for funding reductions and it is crucial to counties that such reductions be made in a way that does not require the counties to continue to provide the same level of service by backfilling lost state funding with county general funds. This is simply a fund shift, requiring counties to pay for the state's obligations.

Once you have established an open line of communication, continue to follow-up to check in on budget matters. Keep pointing out specific issues that affect your county and stress the need to protect local services.

## WHAT'S BEEN HAPPENING:

A number of actions have already been taken at the budget subcommittee levels that affect counties. Here's an update on actions to date:

### HEALTH AND HUMAN SERVICES

**Senate Budget and Fiscal Review Subcommittee No. 3 (Health and Human Services, Labor, Veterans):** Senate Budget and Fiscal Review Subcommittee No. 3 heard emergency medical services and health services items on Monday, April 22. The Subcommittee also met on Thursday, April 25 to discuss the CalWORKs program. Senator Wes Chesbro, Chair of Subcommittee No. 3, announced that the subcommittee will be developing a CalWORKs funding proposal before release of the May Revise. Therefore, the subcommittee held all CalWORKs items open, with one exception.

Subcommittee No.3 voted to adopt the proposal submitted by the County Welfare Directors Association (CWDA) to address the CalWORKs Employment Services underfunding and equity issues. The current level of employment services funding is far below the amount required for counties to fully fund their employment services programs. Despite modest increase in funding during the last two fiscal years, many counties use one-time CalWORKs performance incentives funds for core services because the actual cost of providing core employment services to CalWORKs participants exceeds their state allocation for employment services.

Counties will face increasing difficulty maintaining the integrity of their welfare-to-work programs due to a rise in caseloads and a reduction in funding. The problem will be exacerbated by proposed cuts to other state programs serving CalWORKs clients.

Some counties will be impacted more than others by this shortfall. As a result of a county allocation methodology utilized in prior fiscal years, there is a wide disparity in levels of employment services funding across counties. While the budgeted employment services level will impact all counties, some counties will more deeply feel these effects.

On Monday April 29, Senate Budget and Fiscal Review Subcommittee No. 3 met to discuss a variety on Medi-Cal and public health issues. The following items are of interest to counties:

- Federal Bioterrorism Funding. The Subcommittee approved the Administration's Section 28 letters to increase the Department of Health Services' current budget to reflect the receipt of federal funds for bioterrorism planning and preparedness. One of the letters authorizes the release of the first \$7.5 million in Center for Disease Control bioterrorism funding to local health departments. The other letter authorizes the release of the Health Resources and Services Administration funds to create regional hospital plans to respond in the event of a bioterrorism attack. The letters will be sent to the Joint Legislative Budget Committee for final approval.
- Maddy Emergency Medical Services (EMS) Fund. The LAO brought up the issue of Maddy Emergency Medical Services (EMS) fund reserves in Subcommittee No. 3. During the discussion on Proposition 99 funds, the LAO suggested that the Subcommittee could consider using unspent Maddy EMS Funds for rate increases for emergency room physicians. Currently, \$24.8 million in Proposition 99 funds are used to provide a rate

increase for emergency room physicians and specialists. According to the LAO, there was \$55 million in Maddy EMS fund reserves in 1999-2000. This recommendation was not adopted.

Senate Subcommittee No. 3 met on Thursday May 2 to hear the state Department of Alcohol and Drug Programs budget. The Subcommittee discussed the following items:

- Drug Courts. The Subcommittee held this item open after a lengthy discussion. Senator Wes Chesbro, Chair of Subcommittee No. 3, expressed his desire to invest in prevention programs. He indicated that he is talking with other Senate budget subcommittee chairs in an effort to identify savings that can be used to fund drug courts. Senator Chesbro said that he was not persuaded that redirecting federal block grants funds to fund drug courts was the best strategy.
- Technical Assistance Grants. The Subcommittee adopted the Governor's budget to reduce technical assistance contracts by \$850,000.
- Unallocated Local Assistance Reductions. The 2002-03 budget proposes an unallocated reduction of non-Drug Medi-Cal services of \$7.5 million. The Subcommittee left this item open.
- Perinatal Programs. The Subcommittee adopted the Governor's proposal to reduce perinatal programs by \$2.5 million.
- Substance Abuse and Prevention Treatment (SAPT) Block Grant. California will be receiving an additional \$20 million in SAPT funds that was not included in the January budget. The Subcommittee left this item open.

**Assembly Budget Subcommittee No. 1 (Health and Human Services):** Assembly Budget Subcommittee No. 1 met on Monday, April 22 to discuss a variety of budget issues, including alcohol and drug programs and mental health. The Subcommittee took the following action:

- Early Periodic Screening, Diagnosis and Treatment (EPSDT) Program: The LAO recommended creating a county share of cost for this program. The LAO proposal includes a 10 percent county share for the base and a 10 percent county share of the program growth. This would be a \$28 million cost shift to counties. The Subcommittee voted to accept the LAO's recommendation. See page 2 for a full summary of this proposal.
- Maintenance of Effort Requirement for Substance Abuse Prevention and Treatment (SAPT) Block Grant: The cumulative impact of the General Fund reductions to alcohol and drug programs creates some risk that the state will violate the MOE requirement for the federal SAPT block grant. The state could lose between \$3 million and \$14.2 million in federal funds next year. The Subcommittee held this item open.
- Perinatal Treatment Programs: The Governor's budget proposes a \$2.5 million reduction. The Subcommittee voted to fully restore the program funding with federal Substance Abuse and Prevention Treatment (SAPT) Block Grant funds. California will be receiving an additional \$20 million in SAPT funds that was not included in the January budget. Please note that if the Legislature does not earmark SAPT funds that they would be passed to counties as discretionary funds.

- **Technical Assistance Grants:** The Budget proposes a reduction of \$850,000. The Subcommittee voted to fully restore the grant funding with federal SAPT Block Grant funds.
- **Drug Court Partnership Act:** The 2002-03 budget proposes a reduction of \$8 million. The Subcommittee voted to restore the program funding with federal SAPT Block Grant funds. This issue will need to be revisited after the May Revise. Federal SAPT funds cannot be used for court costs; therefore, this program cannot be fully restored with SAPT funds. If the Legislature wants to restore the full \$8 million, they will need to identify another fund source.
- **Unallocated Reductions to Alcohol and Drug Programs:** The Governor's Budget proposes \$7.5 million in unallocated reductions to various alcohol and drug programs. Services affected by the reduction may include group and individual counseling, residential services, detoxification, prevention, case management, relapse prevention, and ancillary services. Under the proposal, local government would be able to decide how to distribute reductions within their alcohol and drug programs. The Subcommittee did not take action on the Governor's proposal.
- **Asset Forfeiture Proceeds for Substance Abuse Treatment:** The LAO recommends modifying state law to redirect a portion of asset forfeiture funds to support drug treatment programs. This could result in an additional \$4.5 million for drug treatment programs. The state Department of Finance opposed the proposal. The Subcommittee held this item open.
- **Mental Health Reductions:** The Subcommittee approved many of the Governor's reductions to the mental health budget, including \$17.5 million GF cut to the Supportive Housing Program and \$1.5 million GF cut to the dual diagnosis projects.
- **Special Education Pupils Program:** The Governor's budget includes a reduction of \$12 million GF to the special education pupils program. The Governor assumes the costs will be recovered counties through the mandate process. CSAC and the Mental Health Directors strongly disagree with this assumption. The Subcommittee held this item open.
- **Children's System of Care:** The Budget reduces funding for the Children's System of Care Program by \$4.2 million GF. The Subcommittee held this item open.

Assembly Budget Subcommittee No. 1 met on Monday, April 29 to discuss Medi-Cal, emergency medical services, and public health issues. The following is a summary of noteworthy action:

- **Trauma Centers.** The Subcommittee considered whether to restore funding for trauma centers that was included in the current year but not in the 2002-03 budget. The 2001-02 budget contains \$25 million in one-time funds for trauma centers. The Subcommittee placed this item on suspense.
- **County Medical Services Program.** The Assembly took action to conform with action taken previously in the Senate. The Subcommittee: (1) adopted the Administration's proposal to defer for one more year the \$20 million GF commitment to the CMSP program, but rejected the Administration's proposal to eliminate the statutory obligation; (2) adopted trailer bill language to extend the sunset on the CMPS program by an additional five years; and (3) rejected the Administration's proposal to charge CMSP for administrative support. The Administrative support item was placed on suspense.

- **Medi-Cal Asset Test.** The Subcommittee: (1) adopted trailer bill language to eliminate the Medi-Cal asset test, and (2) placed \$8.4 million (\$4.2 million GF) on suspense.
- **Maddy Emergency Medical Services (EMS) Fund Reserves.** During the discussion on trauma centers in Assembly Subcommittee No. 1, the LAO again raised the issue of Maddy EMS fund reserves. The Analyst suggested that the Subcommittee could consider using unspent Maddy funds as funding for trauma centers. This recommendation was not adopted.

**Assembly Budget Subcommittee No. 2 (Education):** Assembly Budget Subcommittee No. 2, which hears education issues, discussed the Governor's Child Care Reform Proposal on Tuesday, April 30, 2002. The Subcommittee voted to restore the budget to reflect current statute; this action conforms to the action taken by Assembly Budget Subcommittee No. 1 on April 3. The Subcommittee also restored funding for CalWORKs Stage 3 child care with a General Fund cost of \$110 million. In order to restore this funding, the Subcommittee adopted three LAO savings options:

- Capture \$51.2 million in carryover and federal sources that is not included in the Governor's budget. The breakdown of funding includes the following: \$26.4 million in one-time Proposition 98 savings due to child care and state pre-school providers expanding services in the current year slower than expected; \$17.9 million in "unanticipated" federal funds (one-time) that can be spent on child care; \$4.2 million in non-CalWORKs child care funds carried over from 2000-01; \$2.7 million in CalWORKs carryover (\$1.4 million Proposition 98 and \$1.4 million federal funds) from 2000-01.
- Discontinue the CalWORKs center-based pilot program for a \$10 million saving. The state Department of Education has not implemented the program.
- Approve the Governor's proposal to eliminate child care eligibility for 13-year olds for \$5.5 million in savings.

Subcommittee No. 2 directed staff to find approximately \$18.5 million in additional savings in order to fully fund CalWORKs Stage 3 child care.

## **ADMINISTRATION OF JUSTICE**

---

Budget subcommittees in both the Senate and the Assembly have taken action on numerous justice-related items, as reported in earlier Bulletins. Many items of significance have been left open and are subject to discussion and consideration following the release of the Governor's May Revision on May 14.

## **WHAT'S GOING TO HAPPEN NEXT:**

### **Meeting Schedule**

---

**Monday, May 6**

Senate Budget Subcommittee #3  
Open Issues

Senate Budget Subcommittee #4  
*Open Issues/Public Safety*  
Assembly Budget Subcommittee #1  
*Health Issues*

**Tuesday, May 7**

Senate Budget Subcommittee #1  
Senate Budget Subcommittee #4  
Assembly Budget Subcommittee #2  
Assembly Budget Subcommittee #4  
*Open Issues*

**Wednesday, May 8**

Senate Budget Subcommittee #1  
*CalWORKs Child Care; Open Issues – Various Departments*  
Senate Budget Subcommittee #2  
*Department of Justice – Set to reexamine the LAO's proposal to transfer costs for regional forensic laboratories run by the DOJ to the local law enforcement agencies that use the service. CSAC joins the Attorney General in urging the rejection of this proposal. (This proposal has been considered and left open twice in this committee.)*  
Senate Budget Subcommittee #4  
*Open Issues*  
Assembly Budget Subcommittee #1  
Assembly Budget Subcommittee #2  
Assembly Budget Subcommittee #3  
Assembly Budget Subcommittee #4  
*Open Issues*

**Thursday, May 9**

Senate Budget Subcommittee #2  
Senate Budget Subcommittee #3  
*Open Issues*

**Monday, May 13**

Senate Budget Subcommittee #4  
*Governor's Budget*  
Assembly Budget Subcommittee #1

**Tuesday, May 14**

Expected release of the Governor's May Revision

**Wednesday, May 15**

Senate Budget Subcommittee #1  
Senate Budget Subcommittee #4  
*Governor's Budget*

**Thursday, May 16**

Senate Budget Subcommittee #2

Sunday, May 19

Senate Budget Subcommittee #3

*May Revise: All health, human services, and mental health issues*

## **CONTACT YOUR LEGISLATOR!**

### **Assembly Budget Subcommittees**

**(e-mail addresses: [assemblymember.lastname@asm.ca.gov](mailto:assemblymember.lastname@asm.ca.gov))**

#### **No.1 Health and Human Services (Please note new membership.)**

Gil Cedillo (D-Los Angeles), Chair

Dion Aroner (D-Alameda, Contra Costa)

Judy Chu (D-Los Angeles)

Robert Pacheco (R-Walnut)

Keith Richman (R-Los Angeles, Ventura)

**Consultants:** Michael Dimmitt (Health) [michael.dimmitt@asm.ca.gov](mailto:michael.dimmitt@asm.ca.gov)

Christian Griffith (Human Services) [christian.griffith@asm.ca.gov](mailto:christian.griffith@asm.ca.gov)

**Rep. Consult:** Seren Taylor (Health) [seren.taylor@asm.ca.gov](mailto:seren.taylor@asm.ca.gov)

Gregson Porteous (Human Services) [gregson.porteous@asm.ca.gov](mailto:gregson.porteous@asm.ca.gov)

#### **No. 2 Education Finance**

Joe Simitian (D-San Mateo, Santa Clara), Chair

Wilma Chan (D-Alameda)

Lynn Daucher (R-Orange)

Jackie Goldberg (D-Los Angeles)

Bill Leonard (R-San Bernardino)

**Consultants:** Leonor Ehling [leonor.ehling@asm.ca.gov](mailto:leonor.ehling@asm.ca.gov)

Max Espinoza [max.espinoza@asm.ca.gov](mailto:max.espinoza@asm.ca.gov)

**Rep. Consult:** Sarah Swan [sarah.swan@asm.ca.gov](mailto:sarah.swan@asm.ca.gov)

#### **No. 3 Resources**

Fran Pavley (D-Los Angeles), Chair

Joe Canciamilla (D-Contra Costa)

Dario Frommer (D-Los Angeles)

Tom Harman (R-Orange)

Fred Keeley (D-Monterey, Santa Cruz)

George Runner (R-Los Angeles)

**Consultants:** Kasey Schimke [kasey.schimke@asm.ca.gov](mailto:kasey.schimke@asm.ca.gov)

**Rep. Consult:** Catherine Kennard [catherine.kennard@asm.ca.gov](mailto:catherine.kennard@asm.ca.gov)

#### **No. 4 State Administration**

George Nakano (D-Los Angeles), Chair

Dave Cogdill (R-Fresno, Madera, Mariposa, Stanislaus, Tuolumne)

Rod Pacheco (R-Riverside)

Lou Papan (D-San Mateo)

Rod Wright (D-Los Angeles)

**Consultants:** Steve Kawamura [steve.kawamura@sen.ca.gov](mailto:steve.kawamura@sen.ca.gov)

Dan Rabovsky [dan.rabovsky@sen.ca.gov](mailto:dan.rabovsky@sen.ca.gov)

Alyssa McKrell [alyssa.mckrell@asm.ca.gov](mailto:alyssa.mckrell@asm.ca.gov)

Donna Estacio [donna.estacio@asm.ca.gov](mailto:donna.estacio@asm.ca.gov)

**Rep. Consult:** Paul Diero [paul.diero@asm.ca.gov](mailto:paul.diero@asm.ca.gov)

Eric Czismar [eric.czismar@asm.ca.gov](mailto:eric.czismar@asm.ca.gov)



**No. 5 Information Technology/Transportation**

Manny Diaz (D-Santa Clara), Chair

Tony Cardenas (D-Los Angeles)

John Dutra (D-Alameda, Santa Clara)

Christine Kehoe (D-San Diego)

Dave Kelley (R-Imperial, Riverside)

Abel Maldonado (R-San Luis Obispo, Santa Barbara)

Consultants: Alyssa McKrell [alyssa.mckrell@asm.ca.gov](mailto:alyssa.mckrell@asm.ca.gov)Chris Woods [chris.woods@asm.ca.gov](mailto:chris.woods@asm.ca.gov)Rep Consult: Catherine Kennard (Transportation) [catherine.kennard@asm.ca.gov](mailto:catherine.kennard@asm.ca.gov)Eric Czismar (Info Tech) [eric.czismar@asm.ca.gov](mailto:eric.czismar@asm.ca.gov)**Senate Budget Subcommittees****(e-mail addresses: senator.lastname@sen.ca.gov)****No. 1 Education**

Jack O'Connell (D-San Luis Obispo, Santa Barbara, Ventura), Chair

Bob Margett (R-Los Angeles)

John Vasconcellos (D-Santa Clara)

Consultants: Susan Ronnback [susan.ronnback@sen.ca.gov](mailto:susan.ronnback@sen.ca.gov)Amy Supinger [amy.supinger@sen.ca.gov](mailto:amy.supinger@sen.ca.gov)Rep. Consult: Roger Mackensen [roger.mackensen@sen.ca.gov](mailto:roger.mackensen@sen.ca.gov)**No. 2 Resources, Environmental Protection, Judiciary, Transportation, Energy**

Byron Sher (D-San Mateo, Santa Clara), Chair

Sheila Kuehl (D-Los Angeles)

Bruce McPherson (R-Monterey, San Benito, Santa Clara, Santa Cruz)

Consultants: Frank Vega [frank.vega@sen.ca.gov](mailto:frank.vega@sen.ca.gov)Alex MacBain [alex.macbain@sen.ca.gov](mailto:alex.macbain@sen.ca.gov)John Decker [john.decker@sen.ca.gov](mailto:john.decker@sen.ca.gov)Rep. Consult: Alex Alanis (Resources, Trans) [alex.alanis@sen.ca.gov](mailto:alex.alanis@sen.ca.gov)Dave Harper (Judiciary, Justice) [dave.harper@sen.ca.gov](mailto:dave.harper@sen.ca.gov)Curtiss Cobb (Energy) [curtiss.cobb@sen.ca.gov](mailto:curtiss.cobb@sen.ca.gov)**No. 3 Health, Human Services, Labor, Veterans**

Wes Chesbro (D-Del Norte, Humboldt, Lake, Mendocino, Napa, Sonoma, Solano), Chair

Ray Haynes (R-Riverside, San Diego)

Deborah Ortiz (D-Sacramento)

Consultants: Diane Van Maren (Health) [diane.vanmaren@sen.ca.gov](mailto:diane.vanmaren@sen.ca.gov)Catherine Camp (Human Services) [catherine.camp@sen.ca.gov](mailto:catherine.camp@sen.ca.gov)Rep. Consult: Sharon Bishop (Health) [sharon.bishop@sen.ca.gov](mailto:sharon.bishop@sen.ca.gov)Therese Tran (Human Services) [therese.tran@sen.ca.gov](mailto:therese.tran@sen.ca.gov)**No. 4 Legislative, Executive, Public Safety, General Government**

Richard Polanco (D-Los Angeles), Chair

Dick Ackerman (R-Orange)

Joseph Dunn (D-Orange)

Consultants: Alex MacBain [alex.macbain@sen.ca.gov](mailto:alex.macbain@sen.ca.gov)Judi Smith [judi.smith@sen.ca.gov](mailto:judi.smith@sen.ca.gov)Rep. Consult: Tom Sheehy (General Government) [tom.sheehy@sen.ca.gov](mailto:tom.sheehy@sen.ca.gov)Dave Harper (Public Safety) [dave.harper@sen.ca.gov](mailto:dave.harper@sen.ca.gov)

## **RECOMMENDATIONS OF THE CSAC STATE BUDGET TASK FORCE:**

### **Proposals Accepted by the Administration**

- **Eliminate the capital outlay budget in favor of additional debt financing.** In today's interest rate environment, tax exempt funding is available at very low rates, thus pay-as-you-go funding of capital projects is not optimal. This option, as put forward by the Governor, will save the state an estimated **\$586 million**.
- **Securitization of future tobacco master settlement receipts.** The state may realize \$1.5 million to \$6.0 million in cash by securitizing MSA revenues, depending on the structure of the bond. This option, as proposed by the Governor, will result in **\$2.4 billion** in cash to the state. The Legislative Analyst's Office has proposed increasing the amount of MSA revenues for securitization, resulting in a greater cash flow to the state.
- **Restructuring of state bonded debt and converting fixed rate debt to lower cost variable rate debt.** The state could restructure its declining debt service repayment pattern to a more level payment, creating significant budget relief over the next few years. Also, short term, variable rate debt has consistently cost less than long term fixed rate debt. The Governor and the Treasurer have embraced both of these proposals. The Treasurer's plan will result in an estimated **\$2.2 billion** in savings over two years.
- **Create a state-county partnership to develop a joint strategy regarding federal issues,** including reducing federal restrictions, leveraging additional federal funds, advocating for additional federal funds, etc. The Governor has proposed seeking additional funds from the federal governments in a number of areas, with an estimate of **\$1.1 billion** to the state.

### **Other Proposals**

- **Convene joint committees,** including Administration, legislative, and county representatives, to discuss and implement any proposed budget cut to state-county partnership programs.
- **Leaseback bonds for state-owned buildings.**
- **Early retirement program** closely monitored to ensure no ability to fill resulting vacant positions. Program costs could be deferred with the use of pension obligation bonds or by legislation to draw from any existing surplus.
- **Substituting bond surety policies for funded debt service reserves.** An effective and popular strategy used by many municipal bond issuers to generate additional cash resources is to use a surety policy in lieu of a cash-funded reserve.
- **Financing of information technology assets.** Consider using three-year leasing programs that include they system, software, and maintenance of IT assets.
- **Establish a JPA program** between the state and local agencies to hire, on contract, existing state workers to fill critical local vacancies, with the local agency reimbursing the state for payroll costs.
- **Pension obligation bonds** to address potential deficiencies in PERS and STRS.