



California State Association of Counties
1100 K Street, Suite 101
Sacramento, CA 95814
(916) 327-7500

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Contact: Sarah Jimenez, CSAC Communications Coordinator, 916/327-7500 ext. 516

Sacramento, San Diego Counties Take Legal Action to Release Social Services Funds

26 other counties expected to join lawsuit

Sacramento - Sacramento and San Diego counties filed a lawsuit today against State Controller John Chiang to release appropriated funds for social services that serve the state's most vulnerable families, county officials said.

The lawsuit –filed in Sacramento Superior Court – seeks to have the Controller pay the \$270 million he is withholding over the next month from counties due to the state's cash crisis. The delay includes a payment of \$89 million to counties scheduled to go out today that will not be made.

County officials said they cannot continue to operate state-mandated programs, including CalWORKS, mental health, adoption and foster care assistance, and alcohol and drug programs, without adequate funding. Counties across the state have made significant cuts, layoffs and furloughs to balance their budgets and simply cannot meet the unprecedented demand for safety net services without the appropriated funds.

In addition to Sacramento and San Diego counties, 26 other counties have been authorized by their respective Boards of Supervisors to join the lawsuit.

"We find it regrettable that we have to take this action," said Sacramento County Supervisor Susan Peters at a press conference today. "But counties have no other options. Many of us are faced with shutting our social service doors because we just cannot meet the demand for these state-mandated services without funding from the state."

With the state budget unsolved, the severe economic downturn across the state and rising unemployment rates, people who have never depended on government aid are turning to counties for help. As an example, statewide, the CalWORKS program, which provides temporary financial assistance and employment services to families, has had a 22% increase in applications from September 2007 to September 2008.

County officials said they understand the Controller is in a difficult position with the uncertainty of a budget solution, and it is imperative the Legislature and Governor find a sound budget solution that allows for the cash to make payments to counties. Delaying payments to counties passes the state's cash crisis onto counties and drastically affects the people they serve. California counties are left with no other options but to pursue legal action to ensure vital services for Californians are not severely disrupted.

"A delay of payments will lead to a severe disruption of services and harm to those who are in the most need and the most vulnerable in our community," said Sacramento County Supervisor

Roger Dickinson. "The state is asking counties to float them a big fat loan and we are in no position to take that responsibility off the state's back and carry it."

Even if a budget deal develops in the coming days, counties will likely not receive payments for several weeks, making it difficult for some counties to maintain services to those who need them. In addition, the Controller has not yet determined how or when repayment to counties will be made, leaving many counties and their clients uncertain about their futures.

"This is not an attack on the Controller. But none of our counties are in a position to serve as the ATM for the state," said San Diego County Supervisor Greg Cox. "If Wall Street won't make loans to the state, why would California counties?"

The California State Association of Counties, headquartered in Sacramento, is the voice of California's 58 counties at the state and federal level.

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