Executive Director's Watch

February 10, 2012

“Big Three” Will Dominate CSAC Agenda

It is a quiet day around Sacramento, even for a Friday. The Democrats are all headed to San Diego for their annual confab, leaving the town virtually empty. While the respite is nice, it gives one time to focus on important tasks at hand and the myriad issues ahead. The budget will certainly be an issue, as it is every year. Today, the State Controller pointed out that the state missed its revenue mark for January by $528 million, a disappointing performance to say the least. As difficult as that challenge is, it is the “Big Three” that will dominate our time in the foreseeable future: Realignment; Pension Reform; and, Redevelopment.

Realignment

While counties grapple with the implementation of realignment, focus here in Sacramento is turning to the allocation of funds for the next year. As it relates to the AB 109 programs, the good news is that there will be more than **twice as much** revenue in 2012 as there was in 2011 … given that the program grows as the population ramps up and the allocation will be for 12 months versus 9. The County Administrators have reconvened their allocation committee and they are working through formula issues so that we can present a recommendation to the Department of Finance soon. An update on realignment fiscal matters sent out earlier this week is attached.

Meanwhile, we remain focused on obtaining the constitutional guarantee of ongoing funding, plus protection from federal and state changes to realigned programs that would increase county costs. Early in January, the Board of Directors determined that we should suspend efforts to qualify a ballot measure sponsored by CSAC, the California State Sheriffs Association, and the Chief Probation Officers of California. What that means is that we have essentially put all our eggs in the Governor’s basket, as his ballot measure is now the only vehicle available to achieving those important protections. The CSAC Board of Directors will be asked to take a support position on that measure next week – as recommended by the Executive Committee. In the meantime, the Governor continues to struggle to clear the field for his ballot measure, with Molly Munger and the California Federation of Teachers so far refusing to withdraw.

Conventional wisdom dictates that if all three measures are on the ballot, the chances are very high that they will all three fail. Governor Brown has pledged to come right back, in a special election if necessary, to try to obtain the constitutional protections and guarantees for realignment that we seek. That is but one reason why it is so important that we stand with the Governor now and support his measure. In total, it may not be exactly what we like, but realignment without constitutional protections is an unsustainable, and likely unsuccessful, endeavor. A copy of the memo to the Board of Directors is attached.

Pension Reform
California Pension Reform, a coalition trying to qualify one of two ballot measures drafted for the November 2012 election has folded up its tent, stating that the title and summary they received made it impossible to raise sufficient funding to qualify the measures. That leaves a legislative solution as the only vehicle for pension reform this year. Senate Pro Tempore Darrell Steinberg has said he is committed to passing pension reform before the budget is adopted.

CSAC has been working through the Government Finance and Operations Policy Committee and the County Administrative Officers Association of California to refine our guiding principles on pension reform. This matter, as well, will be on the agenda for the Board of Directors next week. A copy of the new guiding principles is attached. This will likely be a critical issue to California counties throughout the summer.

Redevelopment
With the California Supreme Court decision upholding AB 26 1X and overturning AB 27 1X, redevelopment, as we have known it for the past 60 years, is dead. As it turns out, California counties have a significant role to play in as executors of the estate. We are all familiar with the role county auditors play in the allocation and distribution of the property tax, which certainly comes into play here, but there are a number of new responsibilities for counties in AB 26 1X. Those counties with a redevelopment agency have taken on the role of “successor agencies” to complete the wind-down process. The successor agency is required to prepare and submit a Recognized Obligation Payment Schedule (ROPS) that lists out the obligations of the former RDA and how those obligations will be met. The Department of Finance is encouraging successor agencies to submit approved ROPS at the earliest opportunity to allow ample time for review. Additionally, all counties need to make their required appointments to oversight boards that will review and approve the work of the successor agencies. The sooner these boards can convene, the sooner an orderly dissolution process can occur.

While “redevelopment” is dead, that does not mean we do not need tools for local economic development and affordable housing. In addition to working with California counties and the Department of Finance on the RDA dissolution, CSAC is also turning focus on how those major policy issues can be addressed without repeating problems encountered with the redevelopment model.

Clearly it will be a busy spring and summer. Enjoy the long weekend and I look forward to seeing you in Washington DC for the NACo Legislative Conference the first week of March.

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