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January 30, 2009

The Honorable Dave Cogdill
Senator, State of California
State Capitol, Room 305
Sacramento, CA 95814

Re: State budget – counties in crisis

Dear Senator Cogdill:

On behalf of Stanislaus County, I want to thank you for your tireless efforts on behalf of our residents.

We are greatly concerned about the current budget process and the potential cuts and delays of funds that may impact counties.

In the strongest possible words, we adamantly opposed any deferrals, delays or any other interruption of payment to Stanislaus County for State obligations. In the past, counties have served as a free banking service to the State to solve State cash flow problems. This practice can no longer continue.

In the past, the State of California relied upon the counties' collective ability to borrow money that was delayed or deferred from the State – thereby providing relief to the State for their obligations.

Counties throughout the State of California cannot continue this practice.

Again, in the strongest possible words, the situation is dire.

Stanislaus County has been communicating with your office on an ongoing basis directly and through our associations and lobbyists in regard to the direct impact of the State budget process on our County.

Impact of State Deferrals and Cuts:

We have been working as quickly as we can to assess the multiple proposals and leaks that are coming out of the closed-door leadership meetings in Sacramento. Based on the information we have been able to assess, here is the financial impact of budget deferrals:

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State Budget Deferral Impact on Stanislaus County Budget

One month deferral = \$11,760,000

Three month deferral = \$27,900,000

Seven month deferral = \$53,480,000

Proposed budget cuts = \$7,700,000

Many counties are discussing bankruptcy. Yet, the State continues to discuss using the counties as a banking service. Also, taking obligated monies away from the counties and having counties re-direct funds from other local accounts is just smoke and mirrors. This is no solution at all and is, again, borrowing from counties.

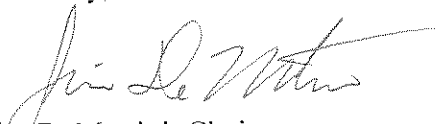
Over the past 18 months, Stanislaus County has reduced 200 full-time and 190 part-time positions. We have seen an increase in unemployment to 13.6%. The number of people on food stamps has increased by 35% in just two years. Stanislaus County is at the center of the national home foreclosure crisis. Stanislaus County continues to suffer under the inequitable AB 8, where we pay to the State more than \$3 million a year (now more than \$50 million cumulatively) while other counties are receiving millions of dollars from the State. We are projecting nearly \$20 million in revenue decreases for next fiscal year.

The situation is unprecedented. We understand the situation is extremely challenging for everyone. We know there will be cuts.

However, when it comes time to advocate and time to vote, we strongly exhort you to vote for a common sense solution that does not bankrupt counties and does not unjustly punish the residents and constituents of the central valley and our communities.

Thank you for your ongoing support of Stanislaus County and your concern for our community.

Sincerely,



Jiny DeMartini, Chairman
Stanislaus County Board of Supervisors

JM:cft