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Memorandum City Manager's Office

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Betsy Shotwell
Roxanne Miller

SUBJECT: SEE BELOW

DATE: January 30, 2008

Approved

Christine J. Shuppen

Date

2-8-08

INFORMATION

SUBJECT: PROPOSED FY 2008-2009 STATE BUDGET IMPACTS TO LOCAL GOVERNMENT STATEWIDE AND SAN JOSÉ

Governor Schwarzenegger proposed his FY 2008-09 State Budget on January 10 that includes a General Fund spending plan of \$100.998 billion with a \$2.77 billion reserve. The level of General Fund spending represents a decrease of \$2.375 billion or 2.3 percent decrease over the prior fiscal year. The proposed budget anticipates \$102.904 billion in General Fund revenues representing an increase of \$1.674 billion or a 1.7 percent increase over last year. The proposed budget, according to the Department of Finance, addresses "the systemic problems that drive the State's chronic deficits."

To set the foundation for the 08-09 proposed budget, the Governor has also issued a declaration of a "fiscal emergency" due to unrealized revenues in the 07-08 State budget. The Governor has called the Legislature into a Third Extraordinary Session (3XXX) to address the State's anticipated 07-08 \$3.3 billion budget gap, which is projected to grow to \$14.5 billion over the next 18 months if no corrective actions are taken. The adopted 07-08 State budget had projected a \$4.1 billion reserve but the continuing slump in the housing market and the substantial drop in the State revenues is now jeopardizing the ability of the State to meet its fiscal obligations.

Under the current adopted 07-08 State Budget, the State's deficit is increasing at a rate of \$400 to \$600 million more each month than the State is taking in. State spending will rise by 7.3 percent, substantially outpacing projected growth in revenues unless the Governor and Legislature act immediately to reduce spending. The State must take steps now to avoid potential shortfalls in the State's cash reserves or potentially will be "unable to pay its bills" in March, July and August, according to the Department of Finance.

Under the provisions of Proposition 58, the Governor is required to submit a plan to the Legislature for balancing the budget. His plan includes selling the remaining \$3.3 billion authorization under Proposition 57, Economic Recovery Bonds (ERBs), by the end of February 2008 to avoid a potential cash shortfall in March, instituting mid-year cuts of \$817 million including \$400 million from education and reductions to State programs and agencies

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to take effect March 1, 2008, delaying payments of \$6.24 billion for existing programs including K-12 schools, and suspending the prepayment of ERBs for an additional \$1.5 billion.

The Legislature now has 45 days to take action to pass legislation to address the fiscal emergency. If the Legislature fails to act, it will be prohibited from acting on other legislation or adjourning the session until the revised budget plan is passed. According to Department of Finance and Legislative Counsel, Proposition 58 is unclear as to what constitutes a “plan” and the action the Legislature must take to respond under Proposition 58. The process maintains the requirement for a 2/3 vote on new taxes and bills passed with an urgency clause under the special session can go into effect immediately. The 45-day deadline for the “fiscal emergency” Special Session to act is February 23. The Governor’s plan assumes legislative action and his approval prior to March 1, including agreement on mid-year budget reductions that could also result in further budget cost savings in 08-09.

How the Governor's Budget Closes the 2008-09 Shortfall

(\$ in millions)

	Reserve as of June 30, 2008
Lower Administration Revenue Forecast	
2006-07 and 2007-08	-\$1,166
2008-09	-\$2,781
Higher Administration Spending Forecast	-\$742
Administration's Definition of Shortfall	-\$14,479
Budget Solutions	
Reduce Proposition 98 spending	
2007-08 reduction	\$400
Suspend 2008-09 minimum guarantee	\$4,825 ^a
Issue additional deficit-financing bonds	\$3,313
Accrue 2009-10 revenues to 2008-09	\$2,001
Suspend transfer to Budget Stabilization Account	\$1,509
Reduce Medi-Cal spending	\$1,126
UC/CSU reductions (unallocated)	\$569
CalWORKs reforms	\$463
Early release of prisoners and summary parole	\$372
Suspend SSI/SSP COLAs	\$323
Other solutions	\$2,356
Total Governor's Solutions to Address 18-Month Shortfall	\$17,257
Governor's Budget Estimate of 2008-09 Reserve	\$2,778

Note: Positive numbers help the reserve and negative numbers hurt the reserve. Source: Legislative Analyst's Office.

^a The administration proposes a \$4 billion suspension. Due to the way it built its baseline budget, it shows savings of a higher amount.

The Governor has stated the proposed FY 08-09 State budget “takes difficult but necessary steps to rein in the State deficit and stabilize the budget without raising taxes.” Nearly 90 percent of the proposed 08-09 General Fund spending plan funds only three program areas: K-12 and higher education (50.6 percent); health and human services (29 percent); and corrections and rehabilitation (10.2 percent). The budget includes a proposed 10 percent, across the board, reduction in State services and programs except where such a reduction is unconstitutional (e.g. Proposition 42 or contributions to public retirement systems) or impractical (activities generating revenues). The 10 percent budget cuts are estimated to save \$217 million for the remainder of the 07-08 budget year and about \$9 billion in the 08-09 budget year.

The Governor’s 18-month spending plan includes more than \$17 billion in corrective actions to address the \$14.5 billion estimated budget shortfall. The budget plan for mid-year “cuts” and the Governor’s 08-09 budget includes:

- Suspend Proposition 98 constitutional funding guarantee for \$400 million cut to schools in the current fiscal year and \$4 billion in the 08-09 budget year;
- Allow the early release of 28,400 low-risk inmates classified as non-serious, non-violent and non-sex offenders saving \$1.1 billion over next two years and with potential further costs savings if some 18, 522 released offenders are no longer subject to parole supervision;
- Reduce the number of Department of Corrections employees by 6,000 over next two years saving \$1.2 billion;
- Reduce Medi-Cal health services by \$1 billion;
- Cut cost of living increases scheduled for low-income aged, blind and disabled under SSI/SSP program and cut aid to families not meeting new federal work requirements under the CalWORKs Program;
- Close 48 State parks across the State based on lowest attendance and revenue to meet 10 percent reduction target.

Ten percent cuts are also proposed for the Governor’s Office, Legislature, Constitutional Officers and the Courts. Higher Education is also proposed to be cut but by less than 10 percent target due to the Governor’s “compact” with UC and CSUS to provide funding growth each year.

Budget Reform - The Governor is proposing a constitutional amendment, the Budget Stabilization Act (BSA), to “keep spending under control, build savings in prosperous times and bridge the revenue gap in lean times.”

The Governor is proposing budget reform to bring spending in line with revenues, end the “roller coaster” of deficits and surpluses and bring permanent stability to the State’s budget system. This proposal is in addition to the Governor’s special session proposals to address the State’s “fiscal emergency” and to bring the State’s current year deficit under control. The BSA would require that revenues in excess of a long-term average rate of growth be deposited in a Revenue Stabilization Fund (RSF) to be used to even out the “boom and bust”

of the State's budgeting system. In a year of below average revenue growth, funds would be transferred from the RSF to the General Fund in an amount not to exceed the shortfall. If the RSF exceeds an amount equal to 10 percent of General Fund revenues in a given year, excess would be available for one-time spending to schools, one-time tax rebates, investing in one-time infrastructure projects or paying off debt.

The second part, referred to as the Arkansas budget provision, would allow for automatic reductions in State spending when a deficit has been determined. Under this proposal, the Governor would estimate a year-end balance in the General Fund three times annually in November, January and May. When there is a General Fund deficit of one percent or less, the Governor will reduce annual appropriation levels by 2 percent, and when a deficit is greater than one percent, annual appropriations will be reduced by 5 percent. The Act would also require the Legislature and the Governor to enact statutory changes in all State entitlement programs that allow for reductions in service levels or rates of payment sufficient to achieve the targeted reductions of 2 or 5 percent. These reductions would remain until the Legislature acts, either in the next Budget Act or separate legislation, to restore services levels. If the Legislature fails to enact a schedule of program reductions in a given program or if the reductions authorized by the Legislature are insufficient to achieve the savings goals, the Governor will be authorized to waive any State law or regulation necessary to achieve the full reduction amounts.

The Governor's proposed FY 07-08 mid-year budget adjustments and his FY 08-09 proposed budget impact the funding priorities for San José and local governments as follows:

Proposition 1A (2004) The Governor continues his support for local government and does not propose to borrow funds from local governments and maintains Proposition 1A protections for local property tax revenues.

Redevelopment Agencies The budget does not propose an overall reduction in tax increment funding to redevelopment agencies. The budget does include a 10 percent reduction (\$100,000) from the Redevelopment Agency Special Supplemental Subventions Fund that backfilled revenues lost when the business property tax was eliminated in the 1980s, and \$1.2 million from trailer fees to backfill for loss of assessing the VLF on commercial trailers. This affects only a few redevelopment agencies.

Retirement of Economic Recovery Bond under Proposition 57 With the Governor's proposal to sell the remaining \$3.3 billion in Economic Recovery Bonds by February 2008, the scheduled sunset of the "triple flip" will be delayed to 2012 or longer. The triple flip was established by Proposition 57 to use a 1/4 cent of the local sales tax to repay the bonds and reimburse local governments' for their property tax losses on a dollar-for-dollar replacement basis. The Vehicle License Fee (VLF) "swap" has resulted in \$2.7 billion in property tax revenues to local agencies with property tax revenue growing faster than VLF revenues, according to the State Department of Finance.

Revenue Projections Property tax revenue is projected to grow by 9.3 percent in 07-08 and 7.1 percent with \$3.4 billion in 08-09. Growth in 09-10 is estimated to be lower due to the expected continuation of the slump in the housing market. VLF revenues were up 2 percent in 06-07 and are projected to increase by 2.7 percent and 2.6 percent, respectively, over next two years.

Highway User Tax Revenues (Gasoline Excise Tax) The Governor proposes to delay approximately \$500 million in payments for Highway Users Tax (split \$250 million for cities and \$250 million for counties). The payments, which are approximately \$100 million per month for April through August 2008, are to be paid in full without interest in September 2008. These are revenues from the Motor Vehicle Fuel Tax allocated to cities and counties and State transportation funds. Highway User Tax revenues are separate from Proposition 42 revenues derived from the sales tax on gasoline and are protected by Proposition 1A, 2006. According to City Budget staff, the lost interest associated with deferring the Highway User Tax Revenues for five months is approximately \$70,000.

Transportation:

Proposition 1A (2006) protects Proposition 42 sales tax revenues for Transportation Funding. The State Budget fully funds Proposition 42 in the 08-09 Budget at \$1.485 billion and would allocate:

- \$594.2 million for State Transportation Improvement Program (STIP) projects,
- \$297.1 million to counties,
- \$297.1 million to cities, and
- \$297.1 million to the Public Transportation Account (PTA).

The budget also funds the Proposition 42 loan repayment of \$82.7 million owed the Traffic Congestion Relief Fund. If this funding is adopted in the final budget, it would be the first year that counties and cities receive their full Proposition 42 payments.

The Governor's budget, under the Strategic Growth Plan, acknowledges there has been a lack of investment in transportation infrastructure over the last few decades and reinforces that Proposition 1B is a down payment on meeting the State's long-term needs. The Governor's budget recognizes that expanding transportation funding is essential to improving mobility and relieving congestion, and critical to growing the State's economy. The proposed budget excludes transportation funding from the 10 percent "across the board" cuts.

Proposition 1B: Transportation Bond – The Governor's budget proposes an additional \$4.7 billion in appropriations for various Proposition 1B accounts to continue implementation of transportation bond programs.

Proposition 1B (Transportation Bond) Appropriations

(\$ in millions)

Program	2007-08	Proposed Mid-Year Reductions	2008-09
Corridor Mobility	\$608	-	\$1,547
Local Transit (Public Transportation Account)	\$600	-	\$350
Intercity Rail (Public Transportation Account)	\$188	-	\$73
State Transportation Improvement Program	\$727	-	\$1,186
Local Streets and Roads	\$950	-	-
State Highway & Operation Protection Program	\$403	-	\$216
Trade Corridors	-	-	\$500
State-Local Partnership Program	-	-	\$200
Grade Separations	\$123	-	\$65
Highway 99	\$14	-	\$108
Local Seismic	\$14	-	\$21
School Bus Retrofit	\$193	\$192.2	\$0.4
Air Quality	\$250	-	\$250
Transit Security	\$101	-	\$101
Port Security	\$41	-	\$58
Total Appropriation	\$4,212	\$192.2	\$4,675

Local Streets and Roads: \$2 billion for Cities and Counties – No additional allocation is proposed for cities and counties from the local streets and roads account in 08-09. For cities and counties, the 07-08 adopted budget provides a first installment: \$400 million of \$1 billion authorized for counties and \$550 million of \$1 billion authorized for cities under Proposition 1A. Cities can access \$550 million from the 07-08 appropriation early in 08. A template has been developed by the Department of Finance which, as of January 15, is now available to cities and counties to submit projects lists and secure funds that will be released by the State Controller. **San José’s estimated share of cities’ \$550 million is \$15.7 million this year and a total of \$30 million as part of the \$1 billion available for cities under Proposition 1A.**

High Speed Rail Authority (HSRA) – The Governor’s budget includes \$5.2 million for HSRA – down from the \$21.1 million approved in 07-08. Funding includes \$1.2 million for operations, \$550,000 in prior years' carryover, and \$3.5 million from the Orange County Transportation Authority to study extension of HSR in Orange County. The budget does assume the \$9.95 billion high-speed rail bond will stay on the November 2008 ballot with modifications to “ensure that appropriate financing is available to begin building the project.”

Public Transportation Account (PTA) – The 07-08 budget shifted about \$1.3 billion in transit special funds to transportation expenditures that would otherwise be General Fund costs. A trailer bill was adopted that made a portion of the General Fund relief ongoing. **The 08-09 budget allocates \$1.343 billion to the PTA with \$596 million allocated as follows:**

- \$372 million for transportation-related general obligation bond debt;
- \$141 million for transportation services in the Department of Developmental Services; and
- \$83 million to reimburse the General Fund for 2008-09 Proposition 42 loan repayments.

The budget proposes \$743 million for local transit grants, an increase of about \$339 million from the current year. This is consistent with the budget agreement made in the current year, which had requested the Governor's permanent take-away and, instead, preserved spillover funds for traditional public transit.

Public Safety Funding – Subject to 10 percent cut:

Citizen's Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Act (JJCPA) were funded in the 07-08 budget for a total of \$238 million with \$119 million for each program. The 08-09 budget proposes a 10 percent cut or -\$11.9 million from each program, leaving \$107.1 million for COPS funding in 08-09. **San José's share of the COPS program in 07-08 is \$1.9 million; the City's share will be reduced to \$1.7 million in 08-09.**

Booking Fees - \$3.5 million reduction statewide for a proposed 08-09 appropriation of \$31.5 million. The current funding appropriation of \$35 million is provided to counties as revenue to offset funds that would otherwise have been collected through booking fees. Under AB 1805 (Chapter 78, Statutes of 2006), counties have the ability to charge a prorated booking fee, with cost adjustments, to make up for the State's under-appropriation. If the State fully funds at \$35 million for counties, there would be no fiscal impact to San José. Further analysis by the City Budget Office and Police Department are required to determine the cost impact to San José.

Funding for Gang Initiatives:

Gang Suppression Enforcement Teams – The Department of Justice is proposed to receive \$5.3 million and 32.9 positions to make permanent four existing Gang Suppression Enforcement Teams. (Note: The Department of Justice is subject to an overall unallocated reduction of \$41.6 million under the Governor's 08-09 budget proposal, but Gang Suppression funding is not cut.)

Office of Gang and Youth Violence Policy – The budget includes \$1.3 million to implement AB 1381 (Chapter 459, Statutes of 2007), which established the Office of Gang and Youth Violence Policy.

California Gang Reduction, Intervention and Prevention Program (CalGRIP):

- Budget includes \$10.5 million in 08-09, including \$9.5 million in Restitution Funds for grants to cities and community-based organizations with details of the grant program to be developed.
- \$1 million for established Internet Crimes Against Children Task Forces, including one each in San José, San Diego, Los Angeles, and Sacramento.

Libraries – For 08-09, the Inter-library Loan Program and the Public Library

Foundation Programs are both slated to receive \$1.4 million in reductions, bringing funding to approximately \$12.9 million for each program. The City Library estimates the Public Library Foundation funds will be reduced by \$37,000 with a proposed 10 percent reduction. The remaining PLF funds for San José are estimated at \$334,000.

State Mandates – Mandate reimbursements are not subject to the standard 10 percent reductions due to the mandate suspensions that would result. The budget, however, does eliminate approximately \$75 million in reimbursement claims from the 08-09 budget resulting in delays in reimbursement. The 08-09 budget includes \$139 million to reimburse claims for costs incurred before July 1, 2007, of which \$75 million for the third payment for costs incurred before July 1, 2004. The City Budget Office and Finance Department will review and determine the impact to the City.

California Strategic Growth Plan - Acceleration of expenditures for existing and new

Infrastructure Bonds – The Governor's budget calls for an expansion of public/private partnerships to address the state's unmet infrastructure needs which are estimated at \$500 billion. In addition to continuing to implement bonds authorized by voters on the November 2006 General Election Ballot, the Governor also proposes to add additional bond measures to the 2008 and 2010 ballots to continue investing in the infrastructure and provide an economic stimulus. The budget proposes to augment the 2006 Strategic Growth Plan with a total of \$48.1 billion in new bonds for the November 2008 and 2010 ballots. Along with \$9.95 billion for high-speed rail already on the November 2008 ballot, other proposed bonds include: \$6.4 billion for K-12 enrollment growth, overcrowding and repair of school facilities; \$7.7 billion for higher education facilities; \$11.9 billion for water storage and conveyance; \$2 billion for court construction; and \$300 million for seismic renovation of 29 State facilities. Also proposed for the November 2010 ballot totaling \$9.8 billion are: \$5.2 billion for K-12 education and \$4.6 billion for higher education. The 2008 and 2010 general obligation bond proposals totaling \$48.1 billion, if approved by the voters, would be for sale over the next ten years "in a manner that maintains a prudent debt ratio."

**2008 and 2010 Ballot Proposals
General Obligation Bonds**

(\$ in billions)

Program	2008	2010	Totals
K-12 Education	\$6.4	\$5.2	\$11.6
Higher Education	\$7.7	\$4.6	\$12.3
Water	\$11.9	-	\$11.9
High Speed Rail	\$10.0	-	\$10.0
Judiciary/Courts	\$2.0	-	\$2.0
Other Infrastructure	\$0.3	-	\$0.3
Total	\$38.3	\$9.8	\$48.1

Proposition 1C - Housing Bond -- The Governor's January Budget proposal includes an additional \$771 million in bond appropriations from Proposition 1C, the Housing Bond. The 08-09 proposed appropriation levels are:

Proposition 1C Allocations

(\$ in millions)

Program	2008-09
Affordable Homeownership	\$188
Multifamily Rental Housing	\$194
Joe Serña, Jr. Farmworker Housing	\$40
Emergency Housing Assistance	\$24
Infill Incentives Grant Program	\$200
Transit-Oriented Development	\$95
Housing Urban-Suburban-Rural Parks	\$30
TOTAL	\$771

Proposition 1D: Education Funding including Joint Use Facilities - Proposition 1D authorized the transfer of unallocated prior bond funds to the Joint-Use Program. The State Allocations Board transferred \$21 million from the Lease Purchase Program, increasing the amount for Joint-Use projects from \$29 million to \$50 million, of which \$12.3 million remains. The City is continuing to seek funding for a local project. Also, based on historical apportionments, it is now projected that Proposition 1D funds are expected to be exhausted by early 2010. A new School Construction Bond will be considered for the November 2008 Ballot. Amendments will be needed to include funding for Joint Use Facilities projects in the ballot measure.

Proposition 1E – Flood Control and Levees - The Governor's budget allocates funding from Proposition 84 and Proposition 1E for flood control purposes. The budget includes \$598.3 million for subventions to help local governments in the Central Valley and the Delta to add flood protections and repair levees. The budget includes \$100.5 million from Proposition 84 to the State Water Resources Control Board for local assistance funding; including the Urban Stormwater Grant Program.

Proposition 84: Resources Bond - The budget proposes the expenditure of \$1 billion of \$5.4 billion in Proposition 84 bond funding for natural resources programs.

Alternative and Renewable Fuel and Vehicle Technology Programs - The budget includes \$100.9 million in the Alternative and Renewable Fuel and Vehicle Technology Fund for the California Energy Commission to prepare guidelines, grants and loans to public agencies and public-private partnerships to develop alternative fuels and related technologies to help reduce the State's dependence on petroleum-based fuels.

CalFIRE - New Fees for Fire Suppression proposed in FY 08-09 State Budget - With the disasters of the fire season in Southern California last fall, the Governor's budget also proposes a new major "fee" to improve the State's fire prevention and suppression system. Referencing the Governor's Blue Ribbon Fire Commission Report, the 08-09 budget proposes the establishment of the Wildland Firefighting Initiative to provide an additional \$100 million to fund firefighting efforts by the Department of Forestry and Fire Protection, Office of Emergency Services and California National Guard. The program improvements will be funded through a 1.25 percent surcharge on all property owners statewide amounting to approximately \$10-12 per property owner each year.

The Legislative Analyst Office (LAO) has reviewed of the Governor's FY 08-09 State Budget and Recommendations to address the State's fiscal emergency in special session.

Legislative Analyst Liz Hill has stated that the Governor's budget proposal makes reasonable economic, revenue and spending assumptions, but she does not agree with the Governor's across-the-board approach to spending cuts. She warns that his budget reform proposal would take power away from the Legislature.

The Governor's budget proposes more than \$17.3 billion in budget solutions to close an estimated \$14.5 billion budget deficit over 18 months, to bring the FY 07-08 and proposed FY 08-09 State budgets into balance. As outlined by the LAO, the corrective actions proposed under the Governor's proposals include:

- Issuing more deficit-financing Economic Recovery bonds (\$3.3 billion);

- Suspending a supplementary payment in 08-09, which would have helped pay off outstanding deficit-financing Economic Recovery Bonds (\$1.5 billion);
- Accruing tax revenues received in 09-10 to 08-09 (\$2 billion);
- Reducing K-14 education spending in the current year (\$400 million) and suspending the Proposition 98 minimum guarantee in 08-09 (\$4 billion);
- Reducing spending in most other State programs (\$4 billion);
- Reducing budgets across-the-board by 10 percent (current year) – (\$.2 billion)
- Reducing budgets across-the-board by 10 percent (proposed budget year) – (\$9.1 billion);
- Collecting additional taxes (\$0.4 billion).

According to the Legislative Analyst, “The Governor has put forward an aggressive agenda for the special session and the 2008-09 budget. The Legislature should focus first on those areas where time is of the essence – where early decisions will allow State programs to achieve desired savings in the current year. The special session should also be used to lay the groundwork for achieving budget-year savings-for instance, by developing any program restructurings and taking any necessary actions on the current-year Proposition 98 minimum guarantee. In contrast to the Governor’s approach of across-the board reductions, in our view the Legislature should (1) eliminate or further reduce low-priority programs in order to minimize the impact on higher priority programs, and (2) examine additional revenue options as part of a more balanced approach. Making tough choices now will allow the State to move closer to bringing its long-term spending and revenues into alignment.”

Summary:

Efforts to address the estimated \$14.5 billion State budget shortfall officially started on January 10 when the Governor presented his proposed State budget for FY 08-09. In addition, the Governor declared a “fiscal emergency” and called a Special Session (3XXX), as authorized under Proposition 58, to address the projected 07-08 General Fund shortfall. Under Proposition 58, the Governor and Legislature have 45 days, until February 23, to take action and adopt a plan to address the “fiscal emergency” and take the mid-year budget steps for the State to meet its obligations for 07-08 and this budget year.

Although the requirements for meeting the constitutional obligations of Proposition 58 are not clear, the Senate and Assembly Budget Committees have started their budget hearings and are focusing on the State’s cash situation and considering the entirety of the Administration's proposed budget-balancing reductions. Hearings this week have included review of budget proposals addressing: Proposition 98, higher education, corrections, health, mental health, human services, social services, parks and transportation (including a delay in local gas tax subventions).

The magnitude of the State’s fiscal situation and the need for spending cuts and reductions in programs will require the Governor and Legislature to create stable, reliable and sustainable

HONORABLE MAYOR AND CITY COUNCIL

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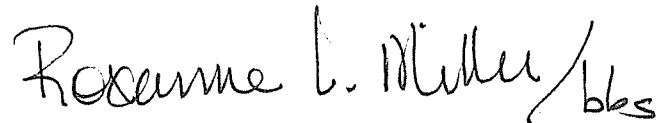
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funding for the programs and services all Californians rely upon. It is notable that the Governor has continued his commitment to local government by not suspending Proposition 1A.

Updates and recommendations on the issues and proposals will be provided as additional information becomes available. The City's participation will continue through meetings with the Governor and his staff, the Department of Finance, legislative leadership, the City's legislative delegation, and coalitions of interest groups. Implementation of legislative and budget strategies will continue.



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