

County Budgets/County Services



Often overlooked when considering state budget issues are local governments and the funding for services they provide. Among their chief activities, counties furnish programs mandated by the state. The county is often seen as the provider of last resort—many of its programs serve the least able in our society. Important programs administered by counties are the court system including the District Attorney, probation department, juvenile hall, and sheriff; the provision of health care including county hospitals and Medi-Cal; and social service agencies including General Assistance, children’s services, Temporary Assistance for Needy Families (TANF), foster care, etc. These account for the largest share of any county budget; however, the county also provides a public works agency, registrar of voters, auditor, and more.

Relying almost exclusively on a portion of the property tax as allocated by the state Legislature, counties have very few other ways to augment their income. About ten years ago, the legislature began shifting some property tax revenues from cities, counties, and special districts to schools as a way to meet the minimum allocation from the state’s general fund for K-12 funding. The loss from this shift in funding grows as the property tax grows and local governments fail to receive that income. The annual shift is nearing \$5 billion, and the total shift from counties to schools approaches \$30 billion, according to the California State Association of Counties (CSAC).

This year’s budget issue of highest concern for counties relates to the rollback of an important county funding source—the Vehicle License Fee (VLF). Reducing the fee without adequate backfill will create additional hardship for county programs. Although the Governor has made strong statements indi-

cating support for local governments, he has left it up to the legislature to find the financing to back up such statements. Now that the VLF rate has been reduced, a substitute source of revenue must be found that will not decimate county programs.

Counties are seeking state funding for reimbursable mandates, coverage of the costs of the special recall election, additional mandated child support costs, and other program costs. How the legislature chooses to fund counties for these expenditures is of grave importance to all county programs and those served.

Labor costs, the growing expenses of health care coverage and workers compensation expenses create major and ongoing budget pressures for counties. The caseload growth of In-Home Supportive Services (IHSS) and increased health and safety costs for homeland security add to monetary pressures. When the state or federal government cuts health and social service programs, it usually means additional costs to counties.

As the program arm of the state for many mandated programs, but with little control over revenue sources and many of their own expenditures, counties find themselves in a difficult position. The quality of life for the poor and near poor is often totally dependent on county services. It is important that this arm of the state government has a dedicated source of funding for the programs important to California citizens. A state budget process that provides funding for local government services may require some structural changes.