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**California State Association of Counties' Statement
Regarding Senate Proposal on Restructuring of State and Local Relationship**

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We've been invited here today to discuss the county perspective on restructuring the state and local relationship. We agree that the current governance of important programs and services is unsustainable. Just ask the counties up and down the state that have been slashing their own budgets over the past weeks – all of which is happening before the impacts of the yet-to-be-passed state budget are known.

California counties have long supported reform and restructuring of the state/local fiscal relationship, because the current system is unsustainable and dysfunctional. Restructuring is one way to begin addressing that dysfunction and ensure safe, healthy, and sustainable communities into the future.

The alternatives before counties are not good. The Governor's May Revision budget proposal represents billions of dollars in cost shifts to counties and does not contain any legal or feasible reform to the current state-local relationship. The Governor's proposed budget would be devastating to California counties, the state, and the communities we all serve. We view Senator Steinberg's proposal as the beginning of an important and long-overdue discussion. He has committed to working with us toward a plan that does not shift state costs to counties. We'll now have the opportunity to fully vet it with our members and other stakeholders.

That being said, counties inherently have significant concerns with any proposed restructuring, and we will seek to address them as we participate in the dialogue. Those concerns are informed by numerous lessons learned from the 1991 Realignment and include, in particular, the financing of any restructuring plan. Counties must have a viable, stable, and ongoing funding stream to provide critical programs at the local level. Counties also must retain the flexibility to manage programs to meet local needs.

Counties are committed to working with all parties to create healthy, safe, and sustainable communities. Our focus will be on a restructuring plan that stabilizes funding for important community programs, creates efficiencies and flexibility in program delivery at the local level, and secures adequate revenues to fund such activities.

Make no mistake: the task before us is daunting, given the time available, the potential scale of the restructuring, and the scope of the budget deficit. We are prepared to do the hard work necessary to reaching a viable and equitable solution, and we recognize the significant challenges that lay ahead.

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