

# Revolt brews in counties

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Counties in California say they've had enough – and they aren't going to take it anymore.

In what amounts to a Boston Tea Party-style revolt against the state Capitol, they're threatening to withhold money.

Los Angeles is considering such an option. And Colusa County supervisors said they authorized payment delays for February.

"We didn't vote on it, because I don't think anybody wants to go to jail," Colusa County Supervisor Kim Vann said.

Closer to home, Sacramento County is planning to file a lawsuit this week against the state and Controller John Chiang for withholding millions of dollars – much of it for social service programs.

"The Legislature authorized those expenditures, and (the controller) has decided to withhold it," said Susan Peters, chairwoman of the Sacramento County Board of Supervisors. "I believe it's possible other counties will be joining in the action."

Riverside County is looking at a similar lawsuit but plans to go one step further. It authorized going to court to relieve it from having to provide state-mandated services without state funding.

Hallye Jordan, a controller spokeswoman, said Chiang "shares the frustration of counties" but was forced to act because of the failure of the Legislature and governor to address the budget deficit.

"It's an awful situation," she said. "We understand that many counties are suffering."

Regardless, a coalition of six Southern California counties is headed to Sacramento for a Feb. 12 meeting to call attention to the counties' plight, Riverside County spokeswoman Lys Mendez said.

By the time leaders from Riverside, Los Angeles, Orange, San Diego, Imperial and San Bernardino counties come together, the revolt could be at full steam.

"I think it just reflects the severity of the problem, and folks are just trying to find a way to keep (programs) going," said Jim Wiltshire, deputy director of the California State Association of Counties.

Frustration has been spreading since last week, when the state controller vowed to delay payments to counties for health and social services.

"When we hear things like, 'We're out of cash and you're going to have to borrow the money,' it doesn't make us very happy," Yolo County Supervisors' Chairman Mike McGowan said.

McGowan said the county would look for a way to fund vital services such as mental health programs, CalWORKS, food stamps and child protective services.

That would mean borrowing about \$5 million to cover mandated program expenses, McGowan said.

"We've heard rumors that the (state's) deferral approach will be longer than one month," he said.

In that case, McGowan added, there are smaller counties that will "simply go out of business. They'll not be able to borrow the money."

One budget proposal calls for the state to delay \$3.5 billion in payments to counties over seven months, Wiltshire said.

"Counties just don't have the cash position to operate those programs and wait for a check to come in September," he said.

The rumor that the state could extend the delayed payments to counties sent a chill through Colusa County, which qualifies as small with only 22,000 people.

If the state delays payments for a longer period, "we can stay open for three months – period," Colusa County's Vann said.

If all counties withheld funds, money denied the state would total \$675 million over a year, said Wiltshire.

That amount represents court receipts that counties remit to the state, he said.

In addition to filing suit, Sacramento County officials are considering withholding money. While counties do collect property taxes for the state, county officials doubted that money would come into play.

"We need to know the ramifications before we do something rash that has consequences," Supervisor Roberta MacGlashan said.

While deferring property tax revenue money to the state might seem like a good idea, that money goes in part to fund education. The county doesn't want to hurt schools while taking a stand against the controller's actions, she added.

There also could be a cost to withholding money from the state.

Terri Sexton, associate director of the Center for State and Local Taxation at the University of California, Davis, said she's never seen anything like this grass-roots revolt.

"But, of course, the state has never been in this fiscal position," Sexton said. "At some level, it doesn't make any difference whether the counties are suing the state or whatever.

"You can't squeeze blood out of a turnip. The money doesn't exist. What does it ultimately mean? Will there be cutbacks in those services? I think that's where we're headed."

Los Angeles County started the movement Tuesday when its Board of Supervisors considered holding back money from the state in a move that screamed: Give us our money or you won't get yours.

"The deal is the county has got bills to pay," said Gerry Hertzberg, policy director for Supervisor Gloria Molina. "If the state doesn't act, how do you plan how to budget?"

Los Angeles County is expecting to miss out on as much as \$105 million a month as a result of the deferred state payments.

Other counties are in similar positions, so it came as no surprise to Hertzberg that others might join the revolution.

"It's not at all surprising," Hertzberg said. "We've got obligations."

Sacramento County's MacGlashan said despite the counties' threats to withhold, she wasn't certain all would follow through.

"It's really more of a stunt," she said. "But sometimes it takes a stunt to get people's attention."