



May 13, 2009

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol
Sacramento, CA 95814

SUBJECT: Strong Opposition to Borrowing Revenue from Local Governments

Dear Governor Schwarzenegger:

The recently proposed option brought forward by the Department of Finance to suspend Proposition 1A (2004) and borrow billions from local governments is extremely concerning to each of our organizations and members. We have appreciated your continued support in standing by the protection of local revenues that support critical services to all Californians and want to reiterate in the strongest possible terms our continued joint opposition to any "borrowing" of revenues from cities, counties and special districts.

In these difficult economic times, local governments in California are also being faced with making tough decisions due to declining revenues and, in many cases, significant budget shortfalls that are already affecting the ability to provide essential services. Shifting additional resources intended for local use through a borrowing will drastically compound the impacts at the local level forcing unprecedented budget and service cuts which will result in further personnel reductions and impacts to public safety among many other areas.

While we understand that decisions have to be made, they should be responsible decisions. Borrowing vital funding from local government to help solve the state's budget deficit is a fiscally irresponsible solution that does nothing to address the structural budget problems. Furthermore, a suspension of Proposition 1A is not a long-term solution and will cost the state even more in the long run, as the borrowed money must be paid back within three years with interest.

Having stood by us in 2004 when Proposition 1A was passed with nearly 84 percent approval, you understand the importance voters have placed on protecting local government services and keeping those revenues local. We respectfully request your continued support to reject any proposal to borrow revenues from cities, counties and special districts now and in the future.

Thank you for your hard work on behalf of the people of California.

Sincerely,

Handwritten signature of Judith Mitchell in black ink.

Judith Mitchell, President
League of California Cities

Handwritten signature of Gary Wyatt in black ink.

Gary Wyatt, President
California State Association
of Counties

Handwritten signature of Arlene Schafer in black ink.

Arlene Schafer, President
California Special Districts
Association