

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 14, 2006

To: Board of Supervisors

From: Office of Budget and Debt Management

Subject: Report Back: Summary Of Outstanding Senate Bill 90 Claims And Anticipated Reimbursements During The Next 15 Years.

Contact: Linda Foster-Hall (874-2453)

**Overview**

During the 2003-04 Legislative session, the State deferred payment on all claims for local agencies mandates. Proposition 1A, approved by the voters in 2004 requires the Legislature to either fund or suspend most non-education mandates for local governments. The recently adopted state budget starts the process of paying local governments for the large backlog of Pre-2004-05 mandate claims. The state budget has also set aside funds for 2 years of the 15 year commitment. Additionally, the state has also approved increased audit staff to more closely scrutinize local government claims for these mandates which may delay the receipt of these reimbursements. Therefore, there is a large amount of uncertainty surrounding this repayment process and timing.

**Fiscal Impact**

The County anticipates receiving funding for the yet to be billed Fiscal Year 2006-07 mandates claims. Based on the recent estimates from data provided by the Department of Finance, Sacramento County may receive up to \$1.67 million annually if the claims are approved for payment.

**BACKGROUND:**

During the 2003-04 Legislative session, the State deferred payment on all claims for local agencies mandates. Proposition 1A, approved by the voters in 2004 requires the Legislature to either fund or suspend most non-education mandates for local governments. The recently adopted state budget starts the process of paying local governments for the large backlog of Pre-2004-05 mandate claims over a 15 year period. It also includes the prepayment of the Fiscal Year 2006-07 mandates, in line with the way these mandates have been paid traditionally.

**DISCUSSION:**

Sacramento County currently is owed approximately \$25 million in Pre 2004-05 mandate claims. Based on an analysis by the Office of Budget and Debt Management, if all of these claims were approved for payment, the county would receive approximately \$1.67 million annually for 15

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During The Next 15 Years.

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years. The current State Budget has set aside funding to pay for the first and second years of this debt.

However, the state has also approved additional audit staff to more closely scrutinize local government claims for these mandates. While the Department of Finance feels confident that Sacramento County's claims are valid, this process will more than likely delay the receipt of the reimbursements. Therefore, there is a large amount of uncertainty surrounding this repayment process and timing.

**FINANCIAL ANALYSIS:**

The County anticipates receiving funding for the yet to be billed Fiscal Year 2006-07 mandates claims. Additionally the state has set up a process to pay back payments over 15 years. Based on the recent estimates from data provided by the Department of Finance, Sacramento County may receive up to \$1.67 million annually if the claims are approved for payment.

Respectfully submitted,

APPROVED:  
TERRY SCHUTTEN  
County Executive

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LINDA FOSTER-HALL  
County Budget Officer

By: \_\_\_\_\_  
MARK NORRIS, Administrator  
Internal Services Agency

Attachment:

SB 90 Claims Summary







