

ITEM 5
**COUNTY APPLICATIONS FOR FINDINGS OF
SIGNIFICANT FINANCIAL DISTRESS**
**WELFARE AND INSTITUTIONS CODE SECTION 17000.6 AND
CALIFORNIA CODE OF REGULATIONS, TITLE 2, ARTICLE 6.5**
**ASSIGNMENT OF COUNTY APPLICATION TO COMMISSION, A
HEARING PANEL OF ONE OR MORE MEMBERS OF THE
COMMISSION, OR TO A HEARING OFFICER**

Executive Summary

NOTE: This is a placeholder agenda item that will be taken up for discussion and action if a county files an application for a finding of significant financial distress.

In 2009, four counties inquired about the process for filing applications for a finding of significant financial distress with the Commission, but did not file applications.

In June 2010, staff spoke with the County of Modoc's representative regarding filing an application. County officials are currently discussing the County's fiscal crisis with state officials, and have not decided whether or not to file an application.

Welfare and Institutions Code section 17000.6 requires the Commission on State Mandates to review county applications (SB 1033 applications) for a finding of significant financial distress. Approval of such applications allows county boards of supervisors to determine whether or not to reduce general assistance grant levels.

When an application is filed, the Commission must conduct at least one hearing in the applicant county, and issue preliminary and final decisions on the application within 90 days. This is a complex and expensive process that requires the Commission to review the applicant county's budgets and provide a thorough fiscal and legal analysis. Current law prohibits the Commission from making a finding of significant financial distress unless the county has made a compelling case that basic county services, including public safety, cannot be maintained.

The Commission will need to decide how to conduct the hearing in the applicant county. The Commission may hear the application or the chairperson may assign an application for hearing and preparation of a preliminary decision to:

- a hearing panel consisting of one or more members of the commission, which shall act on behalf of the commission, or to
- a hearing officer

Assignments by the chairperson of members on such hearing panels shall be rotated among the members with the composition of the members so assigned being varied and changed to assure that there shall never be a fixed and continued composition of members. (Cal.Code Regs., tit. 2, § 1186.55 and following.)

The Commission typically contracts with Department of Finance's Office of Audits and Evaluations to conduct the fiscal analysis. The Commission is not budgeted for this process, so when an application is submitted, staff must submit a request for deficiency funding with the Department of Finance.

Conclusion and Recommendation

If a county application is filed, staff recommends that the Commission decide how to conduct the hearing in the applicant county.