COLAB SAN LUIS OBISPO
WEEK OF OCT. 29 - NOV. 4, 2017

THIS WEEK

NO BOARD OF SUPERVISORS MEETING

LAST WEEK

NO BOARD OF SUPERVISORS MEETING

MULTI-MILLION ERROR "DISCOVERED" IN FY 2018-19 BUDGET STAFF FORECAST

UNDERLYING LOGIC AND STRUCTURAL PROBLEMS IGNORED & FOSTERED BY ADAM HILL AND ADMINISTRATIONS HE HIRED

SO FAR THE MISTAKE DOESN'T SEEM TO CARRY BACK INTO CURRENT ADOPTED BUDGET, BUT WILL THEY NEED TRANSFERS NEXT MAY AFTER THE 3RD QUARTER?

COASTAL COMMISSION SUED FOR VIOLATING CEQA IN DUNES INTERVENTION

APCD REBUKED BY SPECIAL MASTER FOR ISSUING VIOLATION NOTICE AGAINST STATE PARKS ON DUNES DUST PROJECT

SLO COLAB IN DEPTH

(SEE PAGE 12)

ADIOS, CALIFORNIA

By STEVE BALDWIN

A FIFTH-GENERATION CALIFORNIAN LAMENTS HIS STATE'S ONGOING ECONOMIC COLLAPSE

THIS WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, October 31, 2017 (Not Scheduled)

The Board is not meeting as it does not usually meet on the 5th Tuesdays of the month.

LAST WEEK'S HIGHLIGHTS

No Board of Supervisors Meeting on Tuesday, October 24, 2017 (Not Scheduled)

No meeting was scheduled as the 24th is a 4th Tuesday. Most boards of supervisors do not schedule meetings on 5th Tuesdays, and more and more are not scheduling 4th Tuesdays when possible.

MULTI-MILLION "MISTAKE" IN 2018-19 BUDGET FORECAST – BUT THE REAL PROBLEM IS DEEPER AND HAVE ASKED FOR REFORM FOR YEARS

Last Tuesday the County issued a media release announcing that it had discovered a mistake in calculating its projections for next fiscal year's 2018-19 budget. The release is reproduced in full at the end of this item. Adam Hill has recently attempted to lay off blame on the Board majority. In fact the structural, budget format, presentation, and lack of clarity problems are historical and he owns full responsibility for almost a decade of administrations appointed by him and which he praised and commanded. The underlying problems are long term.

The text of the release attempts to obfuscate the seriousness of the problem in several ways:

1. The media release states in part that *"County officials have revised the outlook for the coming fiscal year after discovering a miscalculation in the financial forecast reported on Oct. 10*. It then goes on to state: *As we began preparation for the next budget cycle, we discovered that a significant portion of recently approved salary increases were inadvertently omitted in the calculations for the financial forecast reported earlier this month," said County Budget Director Emily Jackson.*

One problem is that the media release never tells us the total amount of the negotiated salary increases that were left out. There is a rumor that it may be as much as $12 million and includes legally adopted pay raises for the County's largest union, SLOCEA (San Luis Obispo County Employees Association), and all non-union management. As noted in item 2 below, the County now and as a result reports a net $2.8 million to $4.8 revenue expenditure gap for FY 2018-19.

2. The text of the release may well underestimate the size of the problem: *The County now estimates a $2.8 million to $4.8 million deficit in FY 2018-19, rather than the original estimate of a $3 million to $5 million surplus. However, officials say that the County's historical attention to fiscal responsibility has positioned it to better address such budgetary gaps. The County Administrative Office will present a revised forecast to the Board of Supervisors on Nov. 7.*

Staff needs to come clean and report the amount of the total miscalculation and then how they worked it down to a net of $2.8 million to $ 4.8 million.

3. In building budgets and budget projections counties, cities, and other jurisdictions use software programs (often called salary models or payroll projection programs) which calculate each employee's regular salary for the ensuing fiscal year. Scheduled step increases, negotiated union raises, and other known recurring increases are applied in the pay periods in which they are due. These are then rolled up organizationally (work unit, division, and county-wide) to project the total

New Year cost. Functions of payroll such as pension costs and social security can also be calculated, projected, and added to the totals.

Although the County media release is not explicit, it appears that staff did not include previously negotiated raises for some employee groups in the FY 2018-19 salary model. This in turn made the expenditure numbers in the overall budget projection understated.

Worse yet and with respect to salaries and related costs, the County forecast stated in part:

The assumptions noted above result in the following expenditure forecast:

$277,445,206 [1]

COLAB Note: This number appears to be a mistake because it is actually the 2016-17 end of year budget results number (what they actually expended that year). It was included in Proposed FY 2017-18 summary budget charts to illustrate the year-to-year changes. The same chart shows that salaries and benefits for FY 2017-18 (the current budget year) would be $290,106, 313, or $12,661,107 more in FY 2017-18 than in 2016-17. The $12.7 million is important because it is representative of the year-to-year magnitude of projected salary increases. Yet strangely, the forecast document only lists a few smaller numbers for the projected cost of salary increase. This is made even more problematical because the Budget chart below shows that for 2017-18 the total salaries and benefits is an adopted $290,106,313. If the increase from FY 17-18 to FY 18-19 is proportionally the same as the prior fiscal year, salaries and benefits would rise another $12 or $13 million. As noted above the staff has never detailed what that cost actually will be.

Is it possible that staff simply did this report as a boilerplate copy of a prior year and forgot to update the number and actually used a 2 year old number? They should really use the salary model analysis cited above on page 3.

At this point and for these reasons we believe the problem could actually be much larger than the $2.8 - $4.8 million stated in the media release. The staff may have beveled other assumptions to produce the lower numbers and cover up the magnitude of the mistake.

FY 2017-18 adopted General Fund salary and benefits

- *$1,374,116* **COLAB NOTE: It is not clear what this number means. The total salary and benefits is over $290 million.** They never tell us the General Fund breakout.

FY 2018-19 wage increases already approved by the Board

[1] We recognize that this number is the all funds (not just the General Fund) amount. It still illustrates the mistake.

- *$800,000* COLAB **NOTE: Again there are contracts approved with increases due in FY 18-19 which includes millions. Who knows what this number means?**

0.75% Pension rate increase (County share)

- *$139,150*

- *$50 per employee OPEB increase*

Description	2014-15 Actual	2015-16 Actual	2016-17 Adopted	2017-18 Recommended
Uses of Financing by Type				
Salary & Benefits	247,387,326	257,076,607	277,727,563	290,106,313
Services & Supplies	140,343,748	150,650,065	165,490,162	175,429,679
Other Charges	110,358,508	107,022,572	107,055,613	102,205,206
Fixed Assets	35,518,296	54,036,218	13,992,781	17,553,229
Transfers	(18,935,657)	(21,120,074)	(23,639,346)	(25,463,049)
Increases to Reserves/Designations	0*	0*	23,170,477	5,475,704
Increases/(decreases) to Fund Balance	35,961,093	9,238,104	0	0
Contingencies	0*	0*	24,169,367	24,718,964
*use of reserves and designations and contingencies are included in individual financing types				
Total Financing by Type	**550,633,314**	**556,902,826**	**587,966,617**	**590,026,046**

COLAB HAS CONSISTENTLY EXPRESSED CONCERNS ABOUT THE COUNTY BUDGET PROCESS, LOGIC , FORMTTING AND REPORTING. For example:

On page 10 of the **June 11-17 Weekly Update**, and in regard to the proposed 2017-18 Budget, COLAB questioned the logic and accuracy of the *Budget Document with respect to salaries and related costs.*

Presented still another way, in the chart below, it can be seen that salaries and benefits rise $12.4 million from FY 2016-17 to FY 2017-18, and services and supplies increase $9.9 million, for a total of $24.3million. It is unclear if the $12.4 million salary increase contains negotiated scheduled salary increases and/or potentially negotiated salary increases. For example a year ago on May 17, 2016, when the Board took up its FY 2015-16 3rd quarter Financial Report, it was necessary to add $8.3 million of expenditures, of which $6.9 million were for "prevailing wage payments." In County budget doublespeak this means raises which the Board negotiated with its unions. The FY 2016-17 3rd Quarter Financial Report indicated that $7.4 million of the $8.3 million would be covered by savings generated from budgeted positions being vacant. This raised the question of whether the $11.7 million apparent increase last year was the actual cost increase of salaries and benefits. Or was it much higher? At that time we asked if the County Administrator was planning to fund all or some portion of this increase by maintaining vacancies, hoping for under-spending from which to make transfers, or what?

That question was answered definitively in this year's 3rd quarter report when the same process took place. In this year's installment, the amount to be covered from savings was $3.7 million in unbudgeted salary increase. Again, the table below shows an increase in salaries and benefits of $12.4 million. It is not known how much of this is attributable to added positions, rising pension cost, or actual raises. It appears that the County does not include at least some portion the projected raises in the number (thereby lowballing) and then comes back at the 3rd quarter to transfer funds from services and supplies and departments that under-run their budget to make up the difference. In the end the public has no idea how much the raises negotiated by the Board are actual costing.

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Similarly and in regard to the 3rd Quarter Financial Report, in the **May 14-20, 2017 COLAB Weekly Update** we questioned the logic, conclusions, and recommendations in the report.

1. 3rd Quarter Financial Report: *The County will end the year in the black. The usual problems, including revenue shortfalls in the Airport Department, Golf Program, Sheriff's Office and Behavioral Health, are enough to be offset by savings within the other departments. In fact, the County should be able to add to its fund balances and reserves. Disturbingly, and similar to prior years, there are $3.7 million in raises (called prevailing wage payments), which will be funded out of a portion of the savings.*

What if there were no savings? The term "prevailing wages" doesn't tell us what is really going on. Are these negotiated cost of living increases, step increases within pay ranges, push from reclassifications, or what? The term "prevailing wages" is being misused. That term generally refers to minimum wages paid to private sector construction workers, such as steel workers, carpenters, pipe fitters, etc., on projects which are funded with dollars from Federal or State programs that impose "prevailing wage" requirements on contractors.

There is no explanation whether the $3.7 million is the total amount of raises in FY 2016 -17 or just the amount being funded out of savings. In this regard the table below shows a whopping $20,650,996 increases in salaries and benefits from the actual FY 2015-16 budget expenditures to the adopted FY 16-17. There is no subordinate presentation that disaggregates the salaries, pensions, other benefits, and the cost of new added positions. The question is do they actually budget the raises or do they understate them in the budget and bet on the come that they will have savings to make up the difference?

Further raising questions is that the table shows that the increases for salaries and benefits from the adopted FY 2016-17 Budget to the proposed FY 2017-18 Budget is $12,378,750.

All this suggests that the Board needs to spend some serious and protracted quality time reviewing the proposed FY 2017-18 Budget in public, not just the perfunctory 1.5 to 3 hours that we have seen over the past 6 years.

At this point we cannot know what the County staff will present on November 7th by way of an explanation for this error, not to mention the deeper underlying problems that we have been reporting year after year concerning its process and presentation.

Where is the 5-year forecast, which we have been requesting for the past 6 years?

The news release in reproduced below.

Date: **October 24, 2017**

Contact: **Emily Jackson, County Budget Director**

(805) 781-5011, emjackson@co.slo.ca.us

County Officials Revise Next Year's Financial Forecast

SAN LUIS OBISPO, CA – County officials have revised the outlook for the coming fiscal year after discovering a miscalculation in the financial forecast reported on Oct. 10.

The County now estimates a $2.8 million to $4.8 million deficit in FY 2018-19, rather than the original estimate of a $3 million to $5 million surplus. However, officials say that the County's historical attention to fiscal responsibility has positioned it to better address such budgetary gaps. The County Administrative Office will present a revised forecast to the Board of Supervisors on Nov. 7.

"As we began preparation for the next budget cycle, we discovered that a significant portion of recently approved salary increases were inadvertently omitted in the calculations for the financial forecast reported earlier this month," said County Budget Director Emily Jackson. "This is understandably disappointing and our office accepts full responsibility for the mistake. Plans are already in place to ensure that this type of error doesn't happen again."

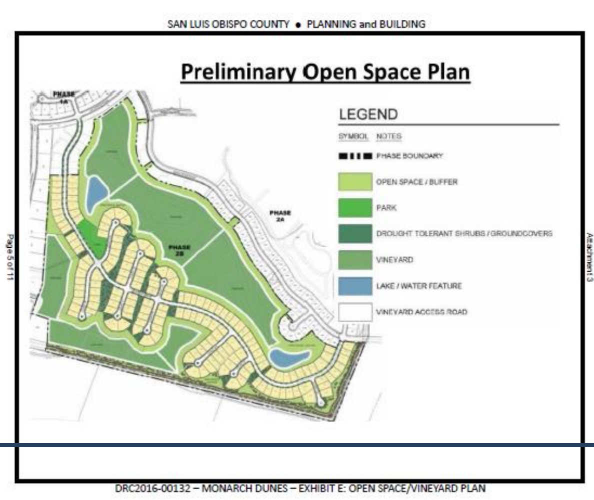
The County Administrative Office presents the financial forecast annually at the start of the budget cycle for the following fiscal year, which begins on July 1. After the error was found, budget and accounting staff closely reexamined all calculations and assumptions used in the development of the financial forecast report.

"While this gap will impact the budget for the coming fiscal year, the projected shortfall represents less than 1 percent of the forecasted total General Fund budget," Jackson said. "But because of our careful approach to growing the County's budget over the past several years, we are well positioned to address the gap in the coming year."

Each year, the Board of Supervisors reviews the County's budget balancing strategies and approaches. This year, the discussion on Nov. 7 will serve as a guide to closing the projected gap in the coming fiscal year. The County methodically increased its budget as it moved out of the recent economic downturn. In doing so, it expanded public programs and services and funded several major capital projects, while adding more than $70 million to reserves, increasing its General Fund contingency from 4 percent back to its 5 percent target, and bringing employee wages closer to market. More details can be found at www.slocounty.ca.gov.

Planning Commission Meeting of Thursday, October 26, 2017 (Completed)

Item 5 - Hearing to consider a request by Monarch Dunes, LLC for a Conditional Use Permit to develop Phase 2B of the Woodlands Village (Tract 2341), including 163 single-family residential units, site development including tract improvements (roads, utilities, water storage tanks, sewer treatment plant upgrade, grading and drainage), and project features including 45 acres of vineyards, site landscaping, parks and trails, and walls and fencing. Phase 2B is located in the southwestern quadrant of the Woodlands Village between Mesa Road and Eucalyptus Road, approximately 2 miles west of the community of Nipomo. The Commission unanimously approved the project. There was only one public speaker who was concerned



about long term water supply. The anti-dunes off road riding opponents did not show. The applicant and its team were able to show the Commission that there will be ample long term water supply.

Upon questioning by one of the Commissioners, the applicant indicated that each purchaser will be required to sign a statement that they had been advised of the dust problem. Apparently demand is high and there is a list of people signed up to purchase the homes once they are constructed.

Background: The project is a scheduled phase of the Woodlands Specific Plan approved in 1998. Opponents are concerned that there will be insufficient water due to the potential of recurring drought. The Planning staff recommended approval. The new residents may become additional dunes recreation opponents once they have settled in.

ON THE OTHER HAND?

San Luis Obispo County Air Pollution Control District (APCD) Had Bad Week.

Bad News Item for the APCD # 1 – Special Master Rebukes APCD and Its Outgoing Director: Friends of the Oceano Dunes ("Friends"), a well-organized statewide organization that supports the dunes recreation and the State Parks Department, and that promotes rational ways to curtail dust, has filed a lawsuit in San Luis Obispo Superior Court against the California Coastal Commission (CCC), and has named the APCD, the State Parks Deparment, the California Air Resources Board, The County of Santa Barbara, and the City of Grover Beach as real parties in interest. The plaintiff, Friends, seeks injunctive relief to compel the CCC to conduct a proper environmental review of dust control structures, which it added to the APCD's implementation of its Rule 1001 requiring State Parks that operate the dunes to install, maintain, and monitor.

In a stunning piece of ironical turnabout, Friends petition argues in part that:

2. The Dust Control Measures are a major public works project involving hundreds of acres of dust emissions control measures and mechanisms located squarely within the coastal zone and sensitive habitat. The CCC's *raison d'être* is to ensure that all development projects, including public works projects such as this one, do not significantly, adversely impact coastal resources. Rather than ensure that the proposed Dust Control Measures are implemented in a way that protects coastal resources, the CCC disregarded the project's obvious coastal resource impacts and authorized a vastly expanded dust control program that even the primary applicant, State Parks, didn't ask for. The result is a coastal development permit that literally purports to authorize dust control measures on every square inch of environmentally sensitive habitat and listed-species critical habitat within Oceano Dunes SVRA so long as CARB computer modeling deems it necessary. But regardless how well-intentioned the CCC was in approving the expansive measures, it neglected the one thing it is authorized to do – to ensure that new development doesn't significantly impact coastal resources.

The petition is 72-pages long and tears apart the CCC intervention and turns their own regulatory righteousness on themselves.

Bad News Item for the APCD # 2: At the prodding of some downwind residents and some of the more left progressive members of the APCD Board, outgoing APCD Director Larry Allen issued a violation notice to State Parks. The violation asserts that State Parks removed an air monitoring device, which it has since reinstalled, and failed to timely carry out other dust control measures. The entire process under which the State Parks Department, APCD, and the California Air Resources Board (CARB) are working to reduce dust is under a Court appointed special master (the SM).

In a detailed rebuke of the APCD issuing the violation order, the Special Master states in his conclusions:

Summary Comments

1. There would seem to be nothing gained in transferring monies arising from fines between state agencies, as opposed to the provision of adequate financial resources that will allow Parks to design and enact new creative measures to effectively manage the emissions. Fines will simply further diminish the ability of Parks to rectify the dust emissions issue over the long term. Present operating budgets are inadequate to remediate problems at this scale. Funds need to be *sought at the state level, if effective solutions are to be implemented. It is suggested that increases in user fees cannot provide sufficient revenue to address the magnitude of the problem.*

2. In order for such remediation measures to be implemented, Parks needs to be given ample opportunity to undertake such changes without fear of reprisal. However, it is noted that Parks needs to be held accountable to implement such measures within a designated time frame. Ideally this timeline would be set out in the community based plan that Mr. Fuzie is proposing. In this regard, some independent body or panel needs to be appointed to ensure that Parks fulfills its obligations. This perhaps could be a role that the California Air Resources Board could undertake.

3. There is strong evidence of poor horizontal and vertical information exchange within and between Parks and APCD, a lack of trust between the two groups, as well as a dismissive attitude by both parties to new initiatives. Success will only be attained if these issues are addressed and resolved. It is suggested that there needs to be either an individual or process put in place to ensure that information is related between Parks and APCD in a timely manner and that all information exchanged is recorded in a central location. In addition, there needs to be some mechanism put in place to ensure that information makes its way up through each organization so that all units are well briefed on the important issues.

4. Resolving these difficult issues will take considerable effort and will only be achieved with much improved cooperation, a more realistic understanding of the large temporal and spatial scales involved, and an appreciation of the lengthy response time for any mitigation effort.

5. There is also the need to give the new Deputy Director of the OHMVR and the new incoming Air Pollution Officer for the SLO APCD, a fair chance to improve co-operation between the two units and to get control measures in place as quickly as possible using important input from as many stakeholders as possible.

Recommendation

It is my opinion that the Notice of Violation is not an effective tool to hasten resolution of the ongoing wind erosion problem and disputes between the two parties, and therefore, should be withdrawn. Rather, the two groups should work together cooperatively, as opposed to antagonistically, which seems to have been the model over the past several years.

Your tax money at “work.”

COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME, LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES AND FORCES

SEE THE DEVASTATING ARTICLE BELOW

ADIOS, CALIFORNIA

By STEVE BALDWIN

A FIFTH-GENERATION CALIFORNIAN LAMENTS HIS STATE'S ONGOING ECONOMIC COLLAPSE

It's not easy watching California self-destruct. After all, my four sons are 6th generation Californians. One relative of ours journeyed here prior to the Gold Rush when the state population was just a handful of people. Family lore has it he was a gunslinger who, victorious in a gun duel, headed to California to avoid the law. He ended up ranching on what is now known as Mammoth Mountain. Other family members took part in the gold rush and one ended up discovering gold in 1895 in the Mojave Desert. My grandparents arrived in Kern County in the 1930s and worked as teachers educating the children of oil workers shortly after the discovery of oil in that region.

Proud of my heritage, I had this urge to run for the state legislature, so I did and I won. I was hoping I could do something in Sacramento to slow the decline of the Golden State. But it was not to be. I quickly discovered that the legislature was so dominated by far left ideologues, there was nothing that could be done to reverse course. My Democrat colleagues were not concerned one bit about how their policies were destroying the economic golden goose that made California so famous worldwide. Indeed, they actually believe their big government and nanny state policies have made California the model of how progressives can succeed in governing. Seriously.

The entire time I served in Sacramento, the Democrats were focused almost exclusively on legislation which either had to do with wealth redistribution or creating new "rights" for alleged victims such as illegal aliens, criminals, union members, homosexuals, transgenders and other "oppressed" groups. And it's no different today. The reality is that the average middle class Californian hasn't had representation in the halls of Sacramento for decades. Indeed, I predict the destruction of California will, unfortunately, be one of the great legacies of the progressive movement.

Indeed, the Democrats hold supermajorities in both legislative chambers. The Assembly has been in Democratic hands since the 1970 election, except for 1995-1996. The Senate has been controlled by the Democrats continuously since 1970. As for the Governor, well, the last semi-real Republican Governor was Pete Wilson, who ended his term in 1999. However, action superstar and former champion body builder Arnold Schwarzenegger, a Republican, did serve as Governor from 2003-2011 but essentially governed as a Democrat, even to the point of hiring leftists to be his key staff. So much for his tough guy image. Progressive hero Jerry Brown has served as Governor since 2011.

Sure, the liberals like to claim California socialism is working by pointing to the much heralded statistic that "California's economy is the 6th largest in the world" as calculated by the state's Department of Finance. Indeed, California's $2.62 trillion economy is larger than that of France, Canada, Brazil, Russia, and Italy. However, that GDP stat does not factor in California's cost of living, which is 36.2% higher than the national cost of living. As Carson Bruno writes in *Real Clear Markets*, "using the cost of living adjusted data from the International Monetary Fund and adjusting California's GDP data provides a better snapshot of California's economic standing in the world. Doing so shows that California is actually the 12th largest economy — a drop of 6 spots — and actually puts the state below Mexico."

Moreover, as Bruno points out, Silicon Valley "accounted for 50% of California's private industry real GDP growth." In other words, without a few dozen mega profitable high-tech Silicon Valley firms such as Apple, Google, and Facebook, California's GDP would be significantly smaller.

However, as economic blogger Richard Rider points out, the aggregate GDP statistic is really not a good indicator of a state's economic health, especially since one industry appears to be propping up the "6th largest economy" myth. California has over 39 million people, more than any other state, so a far more accurate assessment of its economy, Rider writes, would be *per capita* GDP as compared to the rest of the country. After adjusting the GDP figures to account for the cost of living (COL), the Golden State ends up with a paltry 37th place ranking within the U.S.A., with a $45,696 per capital GDP. Even rustbelt states, such as Michigan and Ohio, have a higher adjusted per capita GDP. Despite Silicon Valley's high-tech giants, California barely squeezes past impoverished New Mexico. Rider also reports that when one looks at per capita GDP stats for the rest of the world, California ranks 19th, but those stats don't factor in the COL data; if they did, California would be even further down the rankings internationally.

One should not also assume that high-tech companies are a permanent feature of California's economy. Already, the extremely high cost of living in Silicon Valley has, since 2016, caused more Silicon Valley employees to leave the state than it has attracted. With a few high-tech companies having left California for other states such as Virginia, Texas and North Carolina, it's only a matter of time before this turns into a flood.

But it's not just Silicon Valley employees fleeing California; it's productive — and job-creating — citizens from all over the state. As Joel Kotkin and Wendell Cox wrote in the *Mercury News* last April, "the largest group of outmigrants tends to be middle-aged people making between $100,000 and $200,000 annually."

Indeed, California has done everything possible to make it difficult for businesses and employers to produce goods and services. California now has the highest state income tax rate and the highest state sales tax rate in the country. Our gas tax rate is fourth-highest, but if you add in the 10-12 cent "cap and trade" cost per gallon, we have the highest gas tax in the country. Based on 2014 numbers, California's single-family residence property tax is the eighth highest in the country with the median homeowner property tax bill 93% higher than the average property tax bill for the other 49 states. As for the state's corporate income tax rate, it is also eighth in the country. And let's not forget our small business tax, a minimum of $800, even if no profit is earned.

Overall, the Tax Foundation ranks California as fifth worse in overall tax burden, but the state is especially hostile to its high earners who start businesses and create most of the jobs. Indeed, the top 1% pays 50% of all state income taxes. Moreover, the Small Business and Entrepreneurship Council ranked California as having the worst anti-business climate in the country; the American Tort Reform Foundation ranks the state as the "worst state judicial hellhole" in the U.S. and the national Chamber of Commerce rates California as having the fourth-worst business climate.

If California is such a prosperous state as liberals claim, why does it have the highest poverty rate in the nation? According to the Census Bureau, the poverty rate is 23.4%, which is 17% higher than second place Nevada. Indeed, while California has 12% of the nation's population, it is home to 33% of the nation's TANF (Temporary Assistance for Needy Families) welfare recipients, more than the next seven states combined.

What's clear is that the producers are leaving the state and the takers are coming in. Many of the takers are illegal aliens, now estimated to number over 2.6 million. The Federation for American Immigration Reform estimates that California spends $22 billion on government services for illegal aliens, including welfare, education, Medicaid, and criminal justice system costs. Liberals claim they more than make that up with taxes paid, but that's simply not true. It's not even close. FAIR estimates illegal aliens in California contribute only $1.21 billion in tax revenue, which means they cost California $20.6 billion, or at least $1,800 per household.

Nonetheless, open border advocates, such as Facebook Chairman Mark Zuckerberg, claim illegal aliens are a net benefit to California with little evidence to support such an assertion. As the Center for Immigration Studies has documented, the vast majority of illegals are poor, uneducated, and with few skills. How does accepting millions of illegal aliens and then granting them access to dozens of welfare programs benefit California's economy? If illegal aliens were contributing to the economy in any meaningful way, California, with its 2.6 million illegal aliens, would be booming.

Furthermore, the complexion of illegal aliens has changed with far more on welfare and committing crimes than those who entered the country in the 1980s. Heather Mac Donald of the Manhattan Institute has testified before a Congressional committee that in 2004, 95% of all outstanding warrants for murder in Los Angeles were for illegal aliens; in 2000, 23% of all Los Angeles County jail inmates were illegal aliens and that in 1995, 60% of Los Angeles's largest street gang, the 18th Street gang, were illegal aliens. Granted, those statistics are old, but if you talk to any California law enforcement officer, they will tell you it's much worse today. The problem is that the Brown administration will not release any statewide data on illegal alien crimes. That would be insensitive. And now that California has declared itself a "sanctuary state," there is little doubt this sends a message south of the border that will further escalate illegal immigration into the state.

Indeed, California goes out of its way to attract illegal aliens. The state has even created government programs that cater exclusively to illegal aliens. For example, the State Department of Motor Vehicles has offices that only process driver licenses for illegal aliens. With over a million illegal aliens now driving in California, the state felt compelled to help them avoid the long lines the rest of us must endure at the DMV. And just recently, the state-funded University of California system announced it will spend $27 million on financial aid for illegal aliens. They've even taken out radio spots on stations all along the border, just to make sure other potential illegal border crossers hear about this program. I can't afford college education for all my four sons, but my taxes will pay for illegals to get a college education.

And let's not forget the impact illegals have upon employment and wages. Illegal aliens are driving down wages across the board in California, especially in the service and construction industries. The people who suffer the most are legal citizens who lose out jobs to illegals willing to work for rock bottom wages. What most people do not understand is that illegals enter the country without their families and as many as ten of them will pile up in a cheap apartment. With very few expenses, they are able to bid on jobs at a rate most legal citizens cannot afford to work for.

I served for six years in that God forsaken capital, Sacramento, and the one thing I found most bizarre was the intense focus by my Democrat colleagues on creating agencies and programs that cater to illegal aliens and thus attract even more illegal aliens to California. Such pro-illegal alien policies undermine the hundreds of thousands of legal minorities who work in the service and construction industries, but strangely the biggest boosters of such policies were the Democrat legislators of Hispanic descent. It's as if the entire Hispanic delegation in both houses made a concerted decision to abandon legal Hispanics and to represent only Mexican citizens. I find that odd and a violation of their oath of office, but I also believe that this is all about political power. The more illegals, the more registered Democrats.

But one can't be too surprised; many of these Hispanic elites have little in common with middle class Californians. While in college, many belonged to a Hispanic separatist movement called Movimiento Estodiantil Chicano de Aztlan (MEChA), which believes our borders should be eliminated and that the entire southwest USA was stolen from Mexico. In other words, these extremists do not even believe in the notion of citizenship or borders.

With the state now funding over 250 agencies that intrude into every aspect of its citizens' lives, it is clear that government spending is completely out of control. California political writer Steve

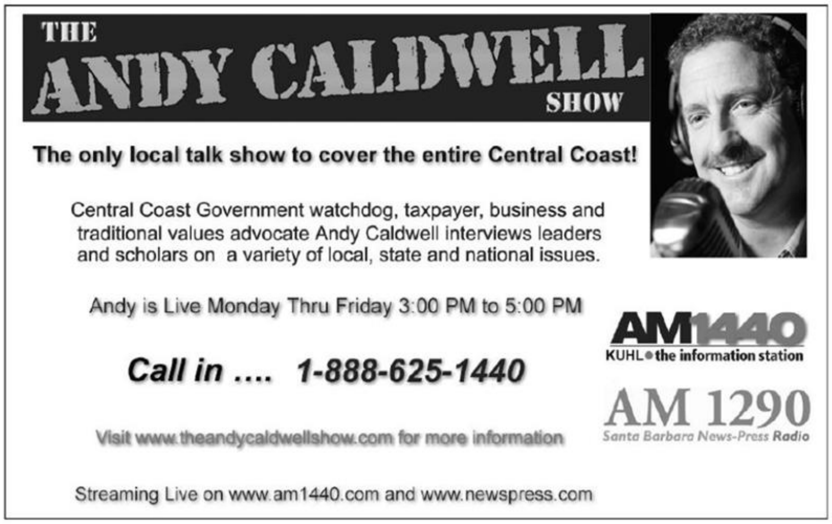
Frank estimates that the real state government debt is $2.8 trillion. Since the state can't print money like the feds do, it's only option is to assess its overtaxed citizens more fees and taxes.

The truth of the matter is that California would be far better off if they randomly selected 120 people out of the phone book to serve in the Assembly and the Senate, since that way, many will actually be normal people with private sector experience. As it stands now, many state politicians have never held a real job and have little in common with the vast majority of hard-working Californians.

Today, large sections of California look like a Third World country with ramshackle buildings, junky cars and trash strewn everywhere. We even have outbreaks of Hepatitis A, just like the Third World has. A state cannot chase away the producers and attract the takers year after year without economic consequences. That doesn't end well so there's little doubt California is headed toward economic disaster. Perhaps it is time for conservatives to support California's succession movement before the state completely collapses and comes begging the federal government for a bailout.

Steve Baldwin is a former California assemblyman (1994-2000) and minority whip. He is the former Executive Director of the Council for National Policy and Young Americans for Freedom. He has been published in numerous publications and is the author of From Crayons to Condoms, The Ugly Truth about America's Public Schools. *This article first appeared in the October 19, 2017 American Spectator.*

ANNOUNCEMENTS



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(Revised 2/2017)