

CCWRO State Budget Update - #2

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15.7% CalWORKs Grant Reduction Proposal JOB KILLER

The proposed CalWORKs 15.7% grant cuts will mean a loss of \$590 million for impoverished families in California for 2010-2011. The cuts result in General Fund savings of \$130 million, assuming that the federal ARRA program is extended.

What would \$130 million General Fund savings cost California?

- The loss of \$472 million enhanced federal ARRA funds;
- The economic stimulus of \$1.03 billion, based on the assumption that for every dollar not received by a CalWORKs family, California loses 1.7 dollars of economic activity in that community;
- The loss of 180,000 jobs in California. This is based on the fact that in 2008, the average wage in California was \$56,000. Most welfare recipient jobs would pay less than the average.

**What is the cost of saving
\$130 million in the
General Fund
by Cutting CalWORKs grants
by 15.7%?**

**Federal Fund Loss
\$472 million**

**Loss to California's Economy
\$1 billion**

**California Jobs Killed
180,000 jobs**

Assembly Budget Hearings

On 1/12/10 the Assembly Budget Committee held the first hearing on the 2010-2011 State Budget.

The chair of the committee, **Noreen Evans** opened the hearing by saying that the proposed budget was disappointing. She said that the budget tries to pass the buck to the federal government and asks for sacrifices from those in our society with the least.

Evans also said that this year the budget would be open and transparent. She said "the budget will be built in the sunshine and not by The Big Five." Ms. Evans said, "Ordinary people will be heard in the process" and the budget "will have a body count" if enacted as proposed.

Republican **Jim Nielson** suggested that people should come to the Committee with suggestions of savings that can be used to save the programs they support.

Several Republican members of the Committee said that they support no new revenues and urged that the budget be balanced with budget cuts.

Todd Jerue, Chief Deputy Director for Budgets from the Department of Finance, presented the Governor's budget and laid out all of the program reductions that were termed by Assemblyman **Sandre Swanson** as "mean spirited and unrealistic."

Mr. Jerue said that California's budget deficit amounts to \$19 billion. Under questioning Mr. Jerue did not deny

that even if the Legislature rubber-stamped and enacted all of the cuts proposed by the Governor, the budget will still be out of balance by several billion dollars. **Mac Taylor**, the Legislative Analyst, later said that even if all of the Governor's proposals were enacted, the budget will continue to have a \$5-6 billion deficit.

Mr. Jerue was asked if he could identify some "waste" in state government. He suggested cutting state employee salaries by 5%.

The Governor reintroduced proposed IHSS program cuts that were stopped by the federal court last session. However, this time the cuts would eliminate 87% of the caseload. The Legislative Analyst stated that the proposed IHSS cuts would result in many people ending up in nursing homes, that would cost more than the IHSS budget cuts.

Nick Buchen, Department of Finance, testified that there were not enough nursing home beds in California to take in all of the people being proposed for termination, but Department of Finance assumes that the families would not place the IHSS recipients in nursing homes and will continue to provide care without pay.

Assemblyman **William Monning** asked the Administration if they knew how many jobs the reduction or termination of CalWORKs and IHSS would cause. The Administration admitted that they had not done a "jobs impact analysis" of these cuts.

Jim Beall Jr. of Santa Clara County urged the administration to work on enhancing food stamp participation and federal earned income tax credit participation. Persons eligible for these programs would stimulate the California economy.

Senate Budget & Fiscal Review Committee Budget Hearing

On January 14, 2010, the Senate Budget & Fiscal Review Committee held the first hearing on the Governor's proposed budget. The hearing was opened by Chair of the Committee, **Senator Duchaney**, who said that the Committee would look at alternative savings proposals. She said she was very skeptical of new spending proposals from the Administration in this budget.

Republican **Senator Dutton** said he was concerned that some of the cuts may affect jobs. He also said that he agreed with Mac Taylor of the LAO who said that the Governor's assumption of getting \$6.9 billion from the federal government was unrealistic.

Senator Duchaney asked why the Administration brought back the IHSS proposal that was rejected by the court. Mr. Bucken of the Department of Finance, said the Administration assumes that the federal government would approve a waiver that would permit the cuts to take effect.

Senator Duchaney asked how much had the state paid for lawsuits that had been lost and for the three-year labor negotiations that had not been productive. Senator Duchaney pointed out that while the staff time for most departments and the legislature has been flat or down, the Governor's staff time has increased by 1,000 hours.

Senator Wright of Los Angeles asked how Governor Schwarzenegger could ask for more federal funds when he insists on furloughs that include state workers paid 100% with federal funds.

Senator Lowenthal asked that the Department of Finance tell the Legislature and Californians how the trigger cuts would impact the California's economy and jobs.

Senator Leno noted that the elimination of the Healthy Family program would mean 825,000 children would no longer have health care services and would have to go to the local emergency rooms for health care. He noted that this did not include the social impact, educational impact and prison impact of no health care for children. Senator Leno also pointed out that the elimination of the IHSS program would mean a loss of 500,000 jobs.

The future budget hearings are set forth below.

Upcoming Budget Hearings

Jan 26, 2010 – Senate Budget & Fiscal Review Committee

1 p.m. to 4 p.m. John L. Burton Hearing Room (4203)

SUBJECT: Medi-Cal, Healthy Families

Jan 27, 2010 – Assembly Budget Committee & Senate Budget & Fiscal Review Subcommittee #3 (3rd IHSS Reforms Oversight hearing)

1:30 p.m. to 3:30 p.m. Room 4202

SUBJECT: In-Home Supportive Services (IHSS)

Feb 2, 2010 – Senate Budget & Fiscal Review Committee

1 p.m. to 4 p.m. John L. Burton Hearing Room (4203)

SUBJECT: SSI/SSP (Supplemental Security Income/State Supplemental Payment grant program), CAPI (Cash Assistance Program for Immigrants), IHSS, CalWORKs