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State Finance Director Jesse Huff briefs reporters Thursday on the governor's proposed \$20.6 billion health and welfare budget.

Cuts, changes for health, welfare

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Gov. Deukmejian called for delays in cost-of-living increases for welfare recipients and sweeping restructuring of Medi-Cal Thursday in a shrinking state health and welfare budget his critics said demonstrates callous disregard for the needy.

As part of an overall \$20.6 billion budget that is \$300 million less than what he expects to spend on health and welfare this year, Deukmejian also proposed an end to state involvement in nearly \$500 million worth of health programs.

And in a cost-cutting move designed to save about \$114 million, the governor said he would ask the Legislature for a six-month delay in cost-of-living increases for those who receive Aid to Families with Dependent Children and a three-month delay in increased support for the aged, blind and disabled.

Under the proposal, an average family of four would have to wait until January 1988 to see its monthly AFDC payment rise from \$734 to \$760.

"It's unspeakable to not give the people at the bottom the cost-of-living increases," said Emma Gunterman, a lobbyist for the California Rural Legal Assistance Foundation. "If you only live on a few

hundred dollars, not having \$5 is a terrible blow."

A spokesman for the Coalition of California Welfare Rights Organizations Inc. called the delay "a callous and an unconscionable act," especially since the governor proposes to increase his own office budget by 8 percent this year.

"While the elderly eat out of garbage cans in America and many AFDC children starve the last week of most months, Governor Deukmejian has proposed to increase the governor's office budget by a half a million for next year," coalition spokesman Kevin Aslanian said.

A Finance Department spokeswoman said the increase in the governor's office budget would pay for operating new California trade offices in Tokyo and London.

Deukmejian also drew criticism for a proposed \$150 million cut in the state's portion of the Medi-Cal program, which he said has grown overall from \$4 billion to \$5 billion in the last four years.

The governor's spending plan contains no specifics on where the administration will make the cuts. The governor is planning on a major restructuring of the program to achieve a significant savings. He said his administration would work with health-care providers on the reforms.

Deukmejian already has or-

dered 10 percent cutbacks in payments to providers in order to save about \$20 million in the current budget year.

"I think it's a clear signal by the administration that the health of poor people is not as important as other budget priorities," said Steve Jones of the California Association of Hospitals and Health Systems. "It's an affront to poor people and to the hospitals that are forced to absorb these cuts."

The administration has been criticized for using a low estimate of Medi-Cal costs in preparing the current year's budget, and state Finance Director Jesse Huff said the administration used a midrange estimate this time.

In another major restructuring, the state would end its involvement in certain health programs with budgets totaling \$477 million, shifting responsibility and resources for those efforts to counties.

The governor will need the Legislature's approval of the plan, which Deukmejian described in his State of the State address as a "back to the people" policy that would give local governments more freedom to administer programs as they please.

Huff said passage of Proposition 13 in 1978 led to state involvement in those programs, which include a portion of the county health ser-

vices program as well as preventive health services to the aged, dental health, family planning and Indian health plus farm worker health clinic grants.

The programs ultimately would be funded by shifting one-quarter cent of the state sales tax to local governments, a transfer that appeals to counties, said Larry Naake, executive director of the County Supervisors Association of California.

Deukmejian's plan contains no guarantee counties would use the money for those programs, but Naake said his association hopes to convince skeptical Democratic legislators that the counties will continue to provide the services once they are no longer mandated by the state.

"We will continue to try to demonstrate to them that the counties have not been diabolical, have not tried to shortchange the people receiving these programs," Naake said. "We will try to argue that we can be trusted, we are compassionate."

At the same time that the governor moved for cuts in some health and welfare programs, he proposed increased spending for a "children's initiative" he promised during his re-election campaign. That plan includes a \$7.5 million increase to combat drug abuse.