



CCC REACTION TO 2007-2008 CALIFORNIA BUDGET

August 24, 2007

Governor Schwarzenegger signed the budget today with the promised \$700 million in vetoes to spending (**actual amount: \$703 million**) Throughout his veto message, the Governor said repeatedly: “These reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.”

Following is a brief summary of some of the main provisions in the California budget that are of major concern to the CCC:

HUMAN SERVICES (SAFETY NET): None of these items were impacted in the Governor’s vetoes

- Suspends the cost-of-living adjustment (COLA) for California Work Opportunity and Responsibility to Kids (CalWORKs) Program cash assistance in 2007-08, the third consecutive year that the CalWORKs COLA would be suspended. These cuts are not on the table for the Legislators nor could the Governor impose them with his line-item veto.
- Shifts the effective date of the state COLA for Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants to June 1 of each year starting in 2008. This five-month delay results in one-time state savings in 2007-08. However, the federal COLA would continue to be provided on January 1 of each year. This is good news since SSI/SSP recipients have not had a cost-of-living increase for the last two years.

IMMIGRANT SERVICES: The Governor “blue-penciled” the \$2 million enhancement that was in the Legislature-approved budget, scaling the allotment back to \$3 million—the same as in last year’s budget.

- Catholic Charities of California was able to secure an increase in NSP funds to total \$5 million for FY 2007-08 in the Assembly-approved budget. However, the Republican senators proposed cutting back to \$3 million, arguing that the state already offers some services by adult schools through the Department of Education.
- With our support and through the work of the National Immigration Law Center and Western Center on Poverty, we were able to add some technical language onto the CAPI (Cash Assistance Program for Immigrants). This change ensures that any senior who becomes a citizen will continue to get CAPI until the SSI/SSP payments kick in.

FOOD STAMPS: None of these items were impacted in the Governor’s vetoes; both AB 1060 and AB 1382 are in the Senate Appropriations suspense file and need to be taken up next week.

- Changes to the food stamps program were left out of the budget, but other negotiation continues through the regular legislative process. The Catholic Conference supported efforts in the budget to

implement semi-annual reporting and other streamlining changes that would result in net savings for the state. That provision, however, was deleted from the budget bill that passed out of the Assembly.

- Negotiations are ongoing with Assembly Member John Laird and the Governor's staff on the legislative policy bill, AB 1060.
- Another bill, AB 1382 by Assembly Member Mark Leno, dealing with biometrics and fingerprints imaging to administer the food stamp program, would presumably save the state another \$35 million.

COUNTIES/LOCAL ASSISTANCE: As we feared, various administrative activities available for counties to provide local assistance took a big hit. In the area of health services, major funding for the country grants portion of the Children's Outreach Initiative was reduced to zero from \$20 million. Those funds were available last year to perform outreach, enrollment, retention and utilization (OERU) for Medi-Cal and Healthy Families kids.

However, \$147 million will remain to fund other components of the Children's Outreach Initiative that streamline enrollment processes and support county-based enrollment efforts for children.

In addition, the Department of Health Services will pay for any valid county claims for the Children's Outreach Initiative for last fiscal year from those remaining funds.

- In the Senate GOP's list of cuts, one major local item was \$90 million in services and other unallocated cuts that various departments would have to deal with. The Governor's legal authority to reduce spending through line-item vetoes was limited. Therefore, blue-pencil cuts that occurred were in direct services and not in monthly grant amounts or programs that need to be changed by statutes.

HOMELESSNESS: In addition to the Medi-Cal and health cuts, the governor also vetoed \$55 million to house the mentally ill. Gov. Schwarzenegger argued that funding for integrated services can be covered by Proposition 63, the initiative backed by Sen. Darrell Steinberg, D-Sacto, which raises funds to treat the mentally ill by assessing a one percent income tax on Californians earning more than \$1 million a year. Mental health advocates had launched an intensive lobbying effort this summer to keep the program, but in the end the Governor called it "one of the few voluntary or non-mandated programs available ... for reduction."

Sen. Steinberg had the following reaction upon learning of the reduction and other tax cuts in the state budget: "Forty five million in tax relief for yacht owners will stay while \$55 million to save thousands of homeless mentally ill is being sacrificed.... It's wrong morally. It's wrong economically."

Known alternately as Integrated Services for Homeless Adults with Serious Mental Illness or AB 2034—after the bill that created it—the program has served 13,000 people since November 1999.