



**COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA**  
925 L Street, Suite 350, Sacramento, CA 95814  
(916) 443-1749

**CWDA**

March 23, 2009

To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

Pages: 2

**RE: State Budget Update #10 – Latest on Cash Deferrals**

This update provides clarification on the status of the cash deferrals implemented by the State Controller on February 1 and proposed by the Governor for the current and budget years.

**State Controller's February Cash Deferrals**

The budget enacted on February 20, 2009 significantly improved the State's cash position in the current year, reducing the cash shortfall from \$1.5 billion to \$630 million. The State Controller, State Treasurer, and Director of the Department of Finance are working to secure a short-term borrowing of sufficient funds to cover the remaining cash shortfall. What this means is that the State Controller has begun repaying the deferrals implemented in February and has suspended any additional deferrals for March and the rest of the current fiscal year.

On March 6, the State Controller began releasing the delayed payments from February starting with the oldest delayed payments first. We have confirmed with the Controller's office that deferred February payments and outstanding third quarter Medi-Cal claims to counties will be repaid in full by March 27, 2009. March payments are being made according to their usual schedule, although the potential for short delays exists due to workload associated with processing the deferred February payments. The Controller's Office informed us that the mid-March county administration payments for social services have been made, so you should have received these by the end of last week.

The only exception to the March payments is reimbursements to Medi-Cal institutional providers (except for small and rural hospitals, designated public hospitals, and local education agencies). Pursuant to the recently enacted budget, payments to Medi-Cal institutional providers will be held for a period of four weeks effective March 26, 2009 and will be released beginning April 23, 2009. Payments to Medi-Cal noninstitutional providers will not be held. Therefore, this deferral does not apply to you.

**Governor's Proposed Cash Deferrals**

As you may recall from prior CWDA Budget Updates, the Governor originally proposed to defer all human services grant and county administration payments (with the exception of SSI/SSP payments and IHSS grant and administration payments, and any payments to counties with populations below 40,000) beginning March 1, 2009. Those deferrals were not included in the recently enacted budget for 2009-10 and, as mentioned above, March payments are being made on schedule.

However, the 2009-10 budget does contain deferrals for July and August 2009. These deferrals are the same as those enacted in July and August 2008. Specifically:

- All human services grant and county administration payments will be deferred for July and August.
- The first quarterly Medi-Cal payment in August will also be deferred.
- Payments will resume September 1, 2009, with full repayment of July and August funds by September 30, 2009.
- SSI/SSP is exempt.
- IHSS services and administration are exempt.
- Counties with populations below 40,000 are exempt, except for the Medi-Cal deferral. All counties are subject to the August Medi-Cal deferral.

The State Controller indicates that there are potentially significant cash flow issues in 2009-10. These largely depend on the outcomes of the special election on May 19, 2009, primarily the ballot initiative related to the \$5 billion lottery securitization (Proposition 1C). We will keep you posted on all the budget impacts of the special election as they develop.