



**COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA**  
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**CWDA**

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To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

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**RE: State Budget Update #13 – Legislature Acts on Democratic Majority-Vote Budget/Governor Introduces More New Budget Proposals**

Late last night, the Assembly passed, by majority vote, a \$23.5 billion budget package that includes \$12 billion in program cuts, \$4.3 billion in revenue accelerations and fees, \$2 billion in new revenues, and \$5 billion in “other” solutions. The same package was voted on and also passed by a majority vote in the Senate today. Republicans strongly oppose the revenue measures, and insist that enactment of revenue increases by majority-vote is unconstitutional and that they will file a legal challenge. The Governor has stated that he will veto the entire package because of the new tax increases.

The program cuts and revenue increases were those adopted by the Budget Conference Committee a couple of weeks ago, with the main difference being that they do not contain the urgency provision to allow them to become effective immediately upon enactment (which would have required a majority vote). Instead, the package would become effective 90 days after the Governor signs the various bills. The revenue increases include the Governor’s proposals to accelerate Personal Income Tax withholdings and Corporate Estimated Payments and to impose a three percent independent contractor withholding requirement, as well as the Legislative Democrats’ proposals for a new \$1.50 per pack cigarette tax and 9.9 percent oil severance tax. Program cuts in the human services area include cuts to the CalWORKs Single Allocation, IHSS, Foster Care, and SSI/SSP as we have previously described. For more information and a detailed list of these, see Budget Update #12 and the Issue Tracking Matrix (at the following link): <http://www.cwda.org/downloads/priorities/budget2009/BudgetTrackingList61609.pdf>

Negotiations between the Legislative leadership and the Governor (Big 5) continued throughout the weekend and are expected to be ongoing for the next couple of days in an effort to come to agreement on an overall budget package in time to avoid the looming cash crisis and the issuance of IOUs by the State Controller beginning on July 2. As part of those negotiations, the Governor placed four new budget proposals on the table yesterday related to CalWORKs, Program Eligibility Modernization, IHSS, and state

employee pensions, characterizing them as necessary “reforms.” Attached are descriptions released by the Governor’s Office of the proposals. They include:

### CalWORKs

The Governor’s latest CalWORKs proposal includes a mix of new proposals and ones that have already been introduced and rejected by the Legislature, including the following:

- Prioritize funding and services to only those CalWORKs clients who are meeting federal work participation requirements to generate significant, but unspecified, savings in the single allocation and eliminate funding for services, such as substance abuse, that are supposedly already provided by other community programs.
- Reduce the total amount of time that recipients can receive aid over their lifetime from five years to two years. Families who are meeting federal work participation requirements would continue to be eligible to receive aid beyond the two-year limit.
- Impose program reductions previously proposed including: cutting grants by six percent; imposing a face-to-face self-sufficiency review every six months; imposing a graduated full-family sanction; and imposing a 60-month time limit on grants for children whose parents are undocumented noncitizens, drug felons, or fleeing felons.

For your information, attached is a copy of a joint CWDA/CSAC memo sent to the Governor and the Legislature with our opposition to these proposals.

### IHSS

The Governor has reintroduced and expanded his anti-fraud proposal from this year’s May Revision. This proposal would have provided 30 staff to the Department of Health Care Services and the Department of Social Services for program integrity and targeted review activities, required fingerprinting and background checks for non-relative providers, required timecard signatures under penalty of perjury, and required a NOA “lite” be signed by both providers and recipients. In addition, the latest proposal would require background checks for ALL providers and require automated fingerprint checks of all recipients.

### Program Eligibility “Modernization”

The Governor has put forth a new proposals described as Medi-Cal “reforms” that would shift enrollment functions for Medi-Cal, CalWORKs and Food Stamps to an online, centralized, and privatized structure. It is our understanding that this proposal is the same as that put forth as part of the California Performance Review undertaken by the Schwarzenegger Administration in 2004, which was rejected by the Legislature. For your information, attached is a joint CWDA/CSAC memo to the Governor and the Legislature describing our opposition to this proposal.

### State Employee Pension Reform

The Governor proposes to roll-back retiree pension formulas to their pre-1999 levels for new hires and to make various changes to retiree health care benefits.

Assuming that the Governor vetoes the Democratic budget package, we expect Big 5 negotiations will resume and that the Governor will continue to push for his latest proposals. We will continue to keep you apprised of budget developments as they occur.