



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 #7 – Senate Logjam Broken

Early this morning, the Senate and Assembly finally agreed on a 37 bill package containing \$42 billion on budget solutions in the current and budget years. The details of the package are still emerging. As far as we know now, the agreement is what we described in State Budget Update #6, with the exceptions noted below.

The final Senate Republican vote necessary to secure the required two-thirds vote was cast by Senator Abel Maldonado (Senators Ashburn and Cogdill had already agreed to vote for the package, and the Assembly had the necessary Republican votes for some time). In exchange for his agreement to vote for the Budget, Senator Maldonado secured the following modifications to the package that was previously described:

- A ballot initiative (SCA 4) to create open primaries for state offices, which will be on the June 2010 ballot.
- A ballot initiative (SCA 8), also for the June 2010 ballot, which provides for financial penalties if the Legislature does not adopt a budget by June 15 of each year (as required by the Constitution).
- The package no longer includes the proposed 12 cent per gallon gas tax. In its place is a further 25 percent increase in personal income tax rates, more assumed federal stimulus revenues, and an agreement that the Governor will veto an additional \$600 million in spending. (It is not clear where the additional vetoes will be coming from; we will be tracking this and advocating for no more cuts to our programs.)

Finally, we have confirmed that the final deal increased the amount of federal economic stimulus dollars that must be received by the state in order to avoid the “trigger cuts” – which include cuts to CalWORKs and SSI grants and state participation in IHSS wages and benefits, among other things. The number was previously \$9.2 billion; now it is \$10 billion. As you will recall, the way this works is that the Department of Finance must certify by April 2009 that the amount to be received by the state between now and June 30, 2010, is over the \$10 billion target amount, or else the “trigger cuts” will go into effect. The cuts are detailed in Budget Update #6.