



## Coalition for Humane Immigrant Rights of Los Angeles

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### A SNAP SHOT OF CALIFORNIA’S BUDGET CRISIS

June – 2009

On February 20, Governor Schwarzenegger signed an eighteen month budget that sought to ‘solve’ our deficit projected to be approximately more than \$40 billion and deal with the cash flow problem that the state faced during that month. This was the first time in a decade that a budget was approved before the constitutional deadline. However, California is projected to have a cash flow problem by the end of June and its deficit is of \$21 billion dollars.<sup>1</sup> This deficit is partly the result of the global and national financial crisis. However, the budget that was enacted at the beginning of this year overestimated revenues and was based upon the enactment of three ballot initiatives. This is a summary of the proposal by the Governor released on May and the response by the Legislature to his proposal.

The Governor’s May Revision was released on May 14 and updated two additional times to increase the cuts to health and human programs. This revision seeks to close the current deficit of approximately \$21 billion by proposing \$24 billion in solutions. However, most of the ‘solutions’ are either acute reduction in funding or elimination of public programs.<sup>2</sup> This is an adjustment to both 2008-09 and 2009-10 budgets. This proposal was heard by the budget conference committee composed by Republicans and Democrats of both the Senate and Assembly. This committee voted on the Governor’s proposal. This proposal will be send to a floor vote both in the Assembly and Senate. If you have any questions, please contact Joseph Villela CHIRLA’s policy advocate at 213-353- 1782.

<b>Governor’s May Revision Proposal</b>	<b>Cuts and Elimination to Public Programs</b>	<b>Borrowing, shifting funds &amp; consolidating state programs</b>	<b>“Revenue &amp; Fees”</b>
	\$15 billion  \$1 billion in savings by requesting for a Medi-Cal waiver to the federal government asking for more flexibility in order to slow the rate of program growth and manage costs	\$3.95 billion	\$2.8 billion  \$1.3 billion in privatizing a portion of State Compensation Insurance Fund

Information obtained from California Budget Project and Reports by Assembly Budget Committee

**HEALTH SERVICES:** The Governor has proposed to cut health services by \$2.4 billion. These cuts include:

- **Elimination of Healthy Families Program.** This program provides low-cost health insurance for children and teens who do not qualify for Medi-Cal. It is estimated that it serves approximately 1 million children and teens. If this is enacted, California would

lose \$1.4 billion in federal funds. **(Budget conference committee rejected this proposal, but a \$70 million reduction was approved).**

- **Reduction in Medi-Cal services to lawfully residing and eligible immigrants.** California law has always provided legal immigrants with full-scope Medi-Cal services if they otherwise meet all other Medi-Cal eligibility requirements. The Governor's proposal would affect about 6500 lawfully residing and eligible immigrants. **(Budget conference committee rejected this proposal).**
- **Redirecting funds from Proposition 99.** This initiative was approved by voters in 1988 to fund health-related programs such as county health clinics, Breast Cancer Early Detection Program, Access for Infant and Mothers (AIM), Asthma and MRMIP high risk program. **(Budget conference committee approved reduction of \$22.3 million for County Health Services, \$4.9 million in funding for the AIM program and \$6.6 million in reduction for Major Risk Medical Insurance Program (MRMIP).**
- **Elimination of funding for community clinics.** Community clinics assist low-income and working families that do not have healthcare coverage. **(Budget conference committee approved a 30% reduction in general funds).**
- **Elimination of reproductive and family planning programs.** This proposal seeks to eliminate access to life-saving AIDS medication, and reduction of family planning to Medi-Cal clients. **(Budget conference committee rejected the Governor's proposal, but approved a \$35 million reduction).**

**HUMAN SERVICES:** The Governor is proposing elimination of key programs that assist low-income families to become self-sufficient, children, the elderly and less able.

- Complete elimination of the California Work Opportunity and Responsibility to Kids (CalWORKs) program. This program provides cash grants to low-income families while promoting work participation. The grants are limited to 5 years for adults. If this is enacted, California would turn down \$3.7 billion in annual federal block grant and \$600 million in federal stimulus money. **(Budget conference committee rejected this proposal).**
- Reduction of CalWORKs grants by 6%. A reduction by 4% to this grant was approved in the February budget. Thus, a grant for a family of three would be reduced from \$723 to \$694. **(Budget conference committee rejected this proposal).**
- Complete elimination of the Cash Assistance Program for Immigrants (CAPI) provides aid to eligible immigrants who are seniors and people with disabilities who do not qualify for the federal Supplemental Security Income (SSI) pursuant to the Welfare Reform of 1996. **(Budget conference committee rejected this proposal).**
- Complete elimination of the California Food Assistance Program (CFAP). This program provides food stamps to lawfully residing immigrants. **(Budget conference committee rejected this proposal).**

- Reduction in grant of Supplemental Security Income (SSI) to the minimum allow by the federal government. This proposal would further reduce grants to the minimum allowed effective September 1, 2009, reducing the maximum grant for an aged/disabled individual from \$850 to \$830 per month and the maximum grant for aged/disabled couples from \$1,489 to \$1,407 per month. **(Budget conference committee rejected the Governor’s proposal, but approved a \$5 dollar reduction in grants for individuals).**

#### **HIGHER EDUCATION:**

- A gradual elimination of the Cal Grant program. This is a state-funded educational opportunity grant program to assist students in paying for a college education. The proposal would freeze the Cal Grant income eligibility. Eliminate new awards for the High School Entitlement, Community College Transfer Entitlement programs and Cal Grant C program. Cal Grant C provides assistance to students with tuition/fee and training costs for occupational or vocational programs. This is in light of the recent fee increase approved by the UC Regents on May 9, 2009. Student’s tuition fee increased by 9.3%, pushing the average undergraduate tuition to \$8,720 a year. **(Budget conference committee rejected this proposal).**
- The proposal would also freeze the Cal Grant A income eligibility. **(Budget conference committee approved this proposal).**
- Reduces maximum Cal Grant awards for students attending private institutions from \$9,708 to \$8,322. **(Budget conference committee approved the reduction of this grant by 5%).**
- Legislature approved the Governor’s proposal reduce state funding for the UC and CSU system by \$1.44 billion in 2008-09 and \$533 million in 2009-10. The Legislature assumes that this reduction will be back fill with federal funds.

The Governor is once again proposing shortsighted solutions to our budget problem. Currently, this proposal was heard by the budget conference committee composed of members of the Senate and Assembly both Republicans and Democrats. While critical decisions were made to close our current deficit, it was not a shared burden among all Californians. In the 2008 and 2009 budget, tax breaks were included in order to get the votes that are required to pass a budget. These tax cuts may result in \$2.5 billion in lost revenue to the state.<sup>3</sup> California cannot cut its way out of this deficit, thus deep reform to our tax system must be on the table as well.

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<sup>1</sup>Legislative Analyst Office. “Overview of the 2009-10 May Revision.” Tylor, Mack. May 21, 2009. Available at [http://www.lao.ca.gov/2009/bud/may\\_revise/may\\_revision\\_052109.pdf](http://www.lao.ca.gov/2009/bud/may_revise/may_revision_052109.pdf)

<sup>2</sup> California Budget Project. “Where are We? Where are We Going.” June 8, 2009. Available at [http://cbp.org/documents/090605\\_May\\_Proposals.pdf](http://cbp.org/documents/090605_May_Proposals.pdf)

<sup>3</sup> California Budget Project . “To Have and Not Have.” June-2009. Available at [http://cbp.org/pdfs/2009/0906\\_bb\\_To\\_Have\\_and\\_Have\\_Not.pdf](http://cbp.org/pdfs/2009/0906_bb_To_Have_and_Have_Not.pdf)