

CALIFORNIA BUDGET PROJECT

Assessing the Impact:

How Proposed State Budget Cuts Would Affect Women in California and What You Can Do To Help

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A PRESENTATION BY
THE CALIFORNIA BUDGET PROJECT
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Webinar Instructions

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- Email cbp@cbp.org if you are having any technical problems.
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Ask a Question

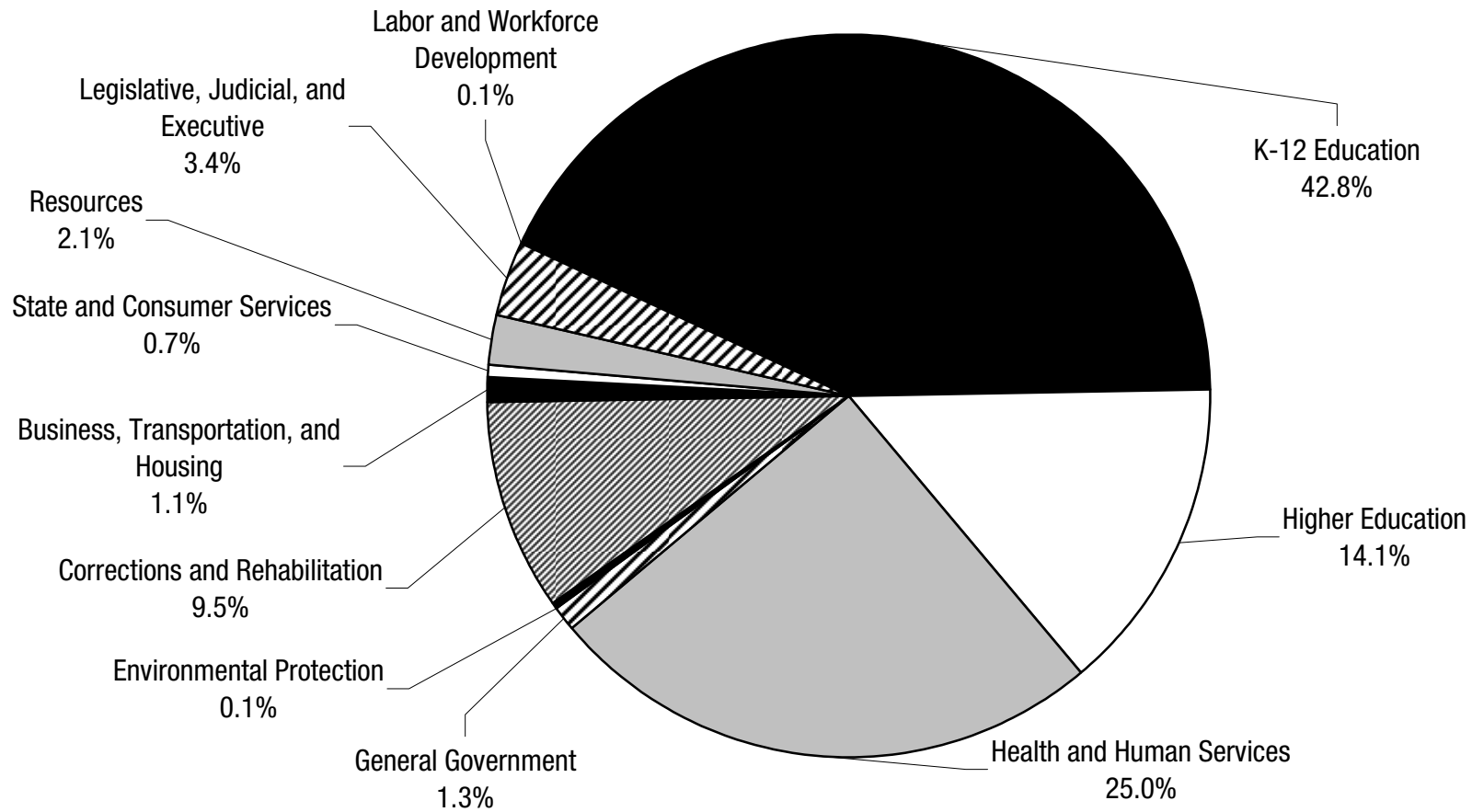
- We will be answering questions at the end of the presentation.
- To ask a question during the presentation, email cbp@cbp.org. Use “Webinar Question” as the subject line.

California Faces Critical Challenges

- California faces challenges that imperil the social and economic well-being of families and communities, as well as the competitiveness of the state's economy:
 - Ongoing budget shortfalls, not only in the upcoming year, but for the foreseeable future.
 - A weak labor market that will likely take years to recover jobs lost during the recent downturn.
 - A population that is increasing, aging, growing more unequal, and becoming more diverse.
 - Reductions in support for public systems that have fueled past cycles of economic growth, while providing a safety net for those in need.

Education Accounts for the Largest Share of 2010-11 Spending

General Fund Spending by Agency



2010-11 Proposed General Fund Expenditures = \$82.9 Billion

Note: General Government expenditures exclude \$1.207 billion in unallocated reductions.

Source: Department of Finance

The Big Picture

- California once again faces a budget shortfall of significant magnitude. While smaller in dollar and percentage terms, the \$18.9 billion gap in the 2009-10 and 2010-11 budgets may be even more difficult to close due to “solutions” to prior crises that impose future costs, earmarked revenues, and otherwise limit options for balancing the budget.
- The current shortfall is largely due to continued weakness in the economy, as well as the failure to achieve “solutions” contained in recent budget agreements.
- The Governor proposes to close the gap with deep cuts in education, health and human services programs, and state employee compensation, as well as with federal dollars.

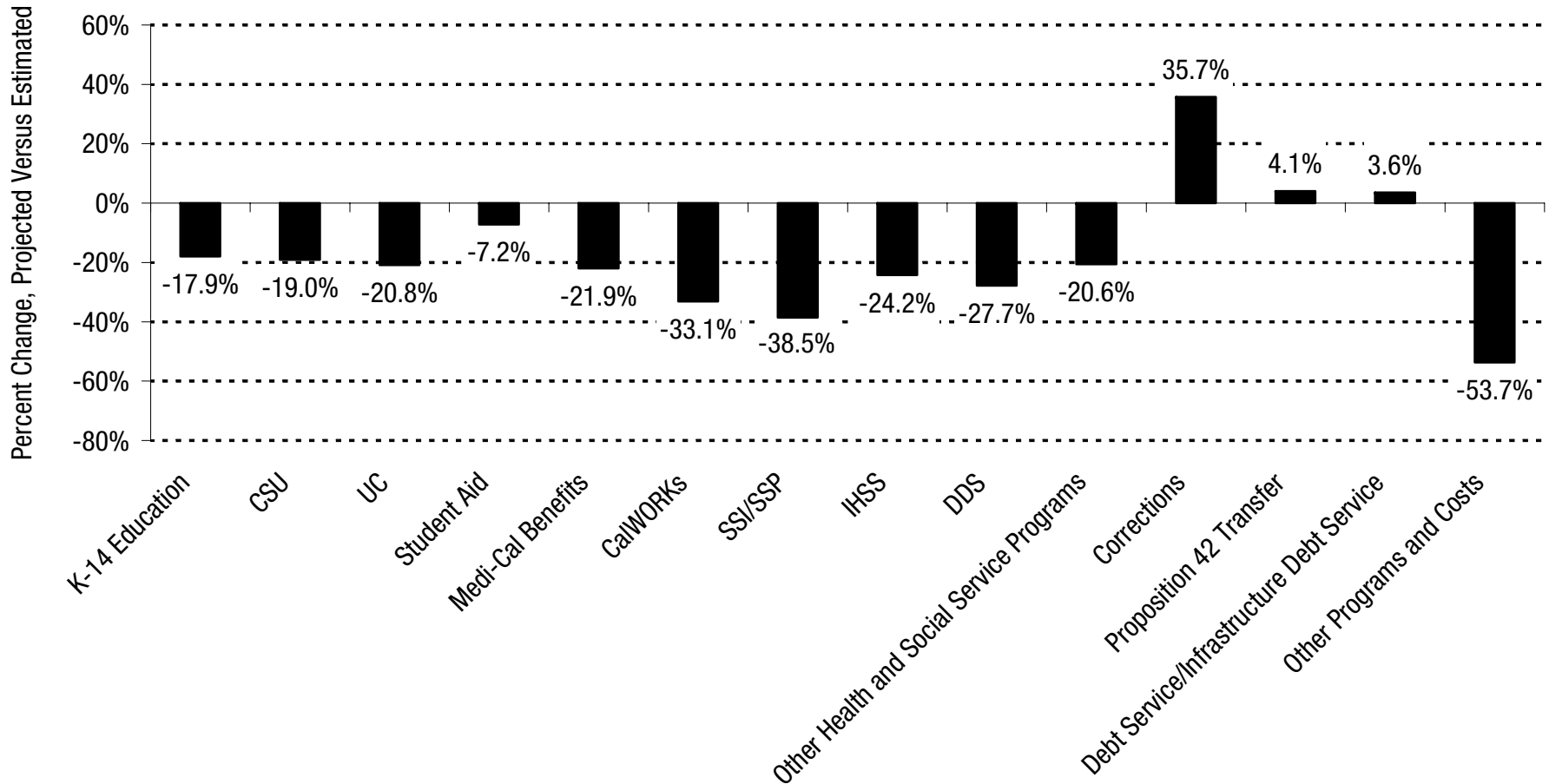
How Did We Get Here?

- The “Great Recession” has depressed revenue collections, while increasing demands on the budget.
- California faced a \$59.5 billion budget shortfall in the 2008-09 and 2009-10 fiscal years, which was closed with spending cuts, temporary tax increases, federal funds, and other measures.
- Current year General Fund spending is over \$18 billion lower than it was just two years ago and is \$21.5 billion lower than the Legislative Analyst’s 2004 baseline forecast for 2009-10. Spending is below forecast levels in nearly all areas of the budget except corrections and infrastructure.
- Recent tax cuts have widened the budget gap and will permanently increase demands on a structurally imbalanced budget.

Growth in Corrections and Infrastructure Spending Have Exceeded Projected Levels

2009-10 General Fund Expenditures as Projected in November 2004

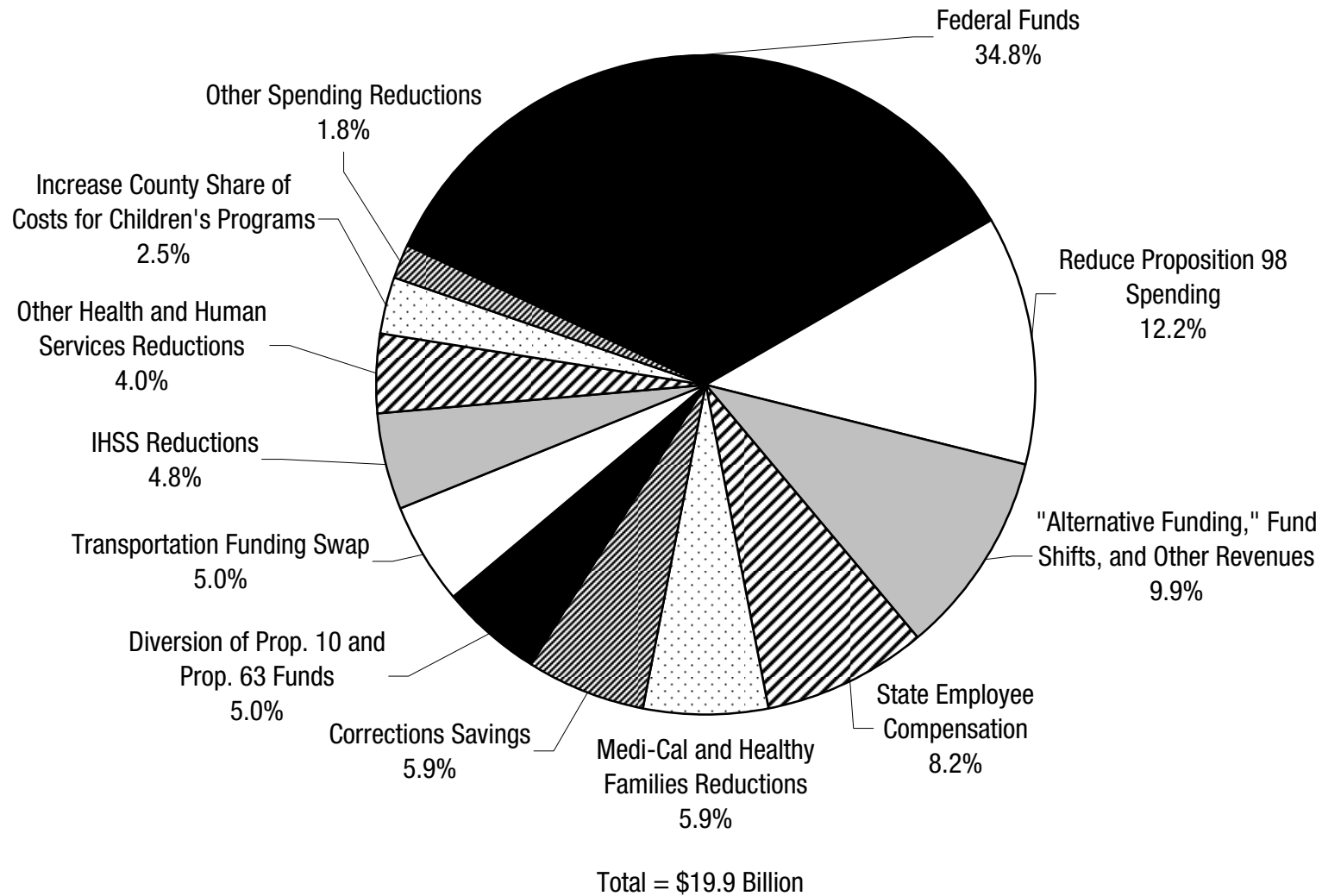
Compared to 2009-10 Expenditures as Estimated in November 2009



How Does the Governor Balance the Budget?

- The Governor proposes to close the state's budget gap with:
 - \$6.9 billion in federal funds;
 - \$2.4 billion in cuts to schools and community colleges;
 - \$1.6 billion in reductions to state employee compensation;
 - \$1.2 billion in reductions in corrections spending;
 - \$1.2 billion in reductions to health coverage programs;
 - \$1.0 billion in reductions to the IHSS program which would eliminate services to 87 percent of current recipients;
 - \$792 million in reductions to other health and human services programs; and
 - \$4.8 billion in “alternative funding” and other reductions.

How Does the Governor Propose To Balance the Budget?



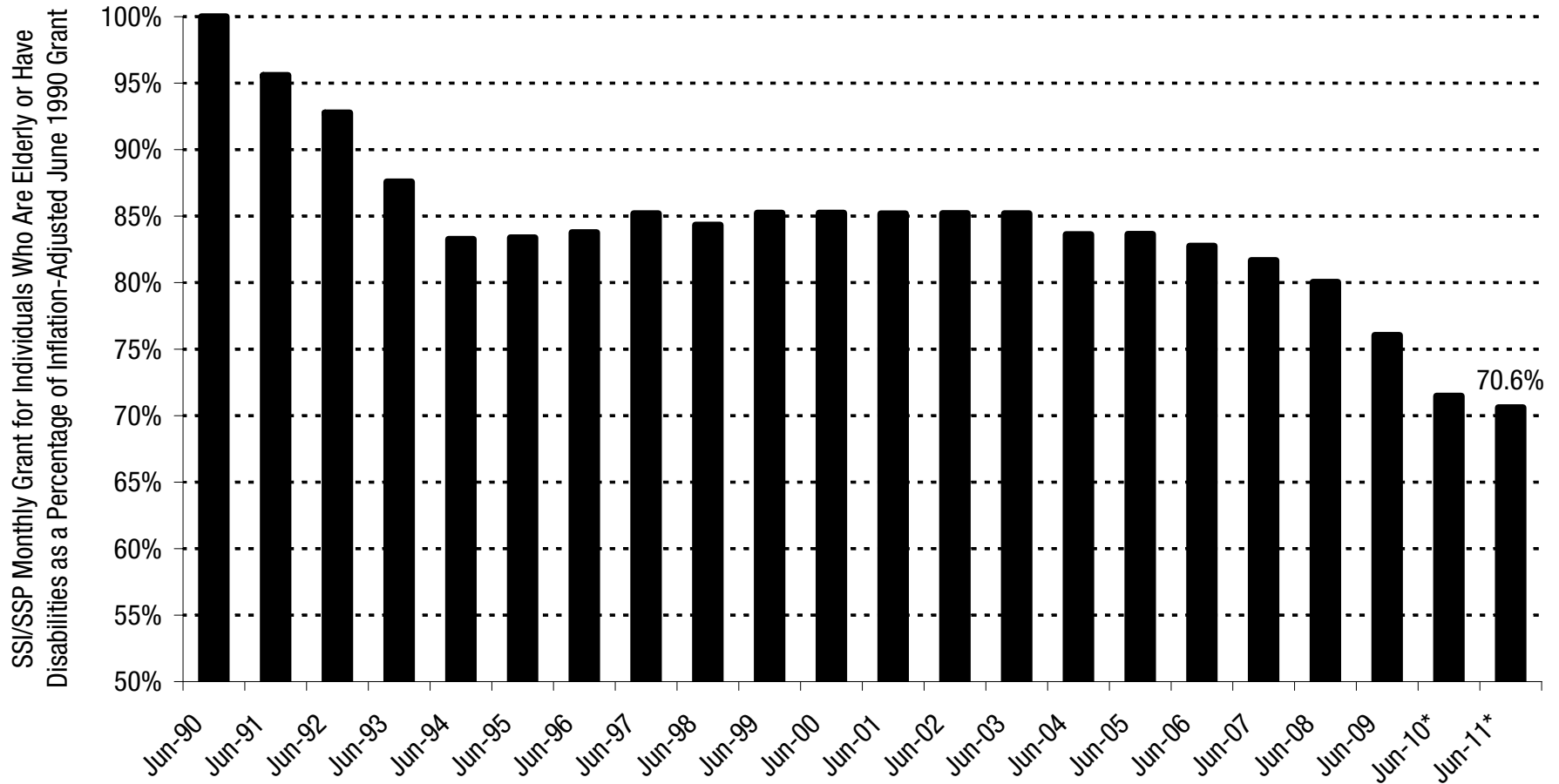
The Recession Has Boosted Demand for Services

- California's families have turned to public programs to help make ends meet during the recession:
 - The number of Californians receiving food stamp benefits increased by more than 905,218 (43.0 percent) between October 2007 and October 2009.
 - The number of children enrolled in the Healthy Families Program rose by 97,172 (11.8 percent) between July 2007 and July 2009. A temporary enrollment freeze due to budget cuts reduced enrollment between July 2009 and October 2009. However, enrollment has started to rebound since October.
 - The number of Californians enrolled in Medi-Cal rose by 470,965 (7.2 percent) between May 2007 and May 2009.
 - The number of families receiving CalWORKs cash assistance increased by 86,524 (18.8 percent) between October 2007 and October 2009, marking the first substantial rise since the enactment of state and federal welfare reform.

The Governor Proposes To Cut Cash Assistance for Families, Seniors, and People With Disabilities

- The Governor proposes to:
 - Reduce the maximum SSI/SSP payment for elderly and disabled individuals from \$845 to \$830 per month, the minimum allowed by federal law.
 - Cut CalWORKs cash assistance for low-income families with children by 15.7 percent, reducing the maximum monthly grant for a family of three from \$694 to \$585. This cut would affect thousands of relative caregivers who receive “child-only” cash assistance to help care for the CalWORKs children living in their homes.

Purchasing Power of SSI/SSP Grants Would Drop Further in June 2010 Under the Governor's Proposals

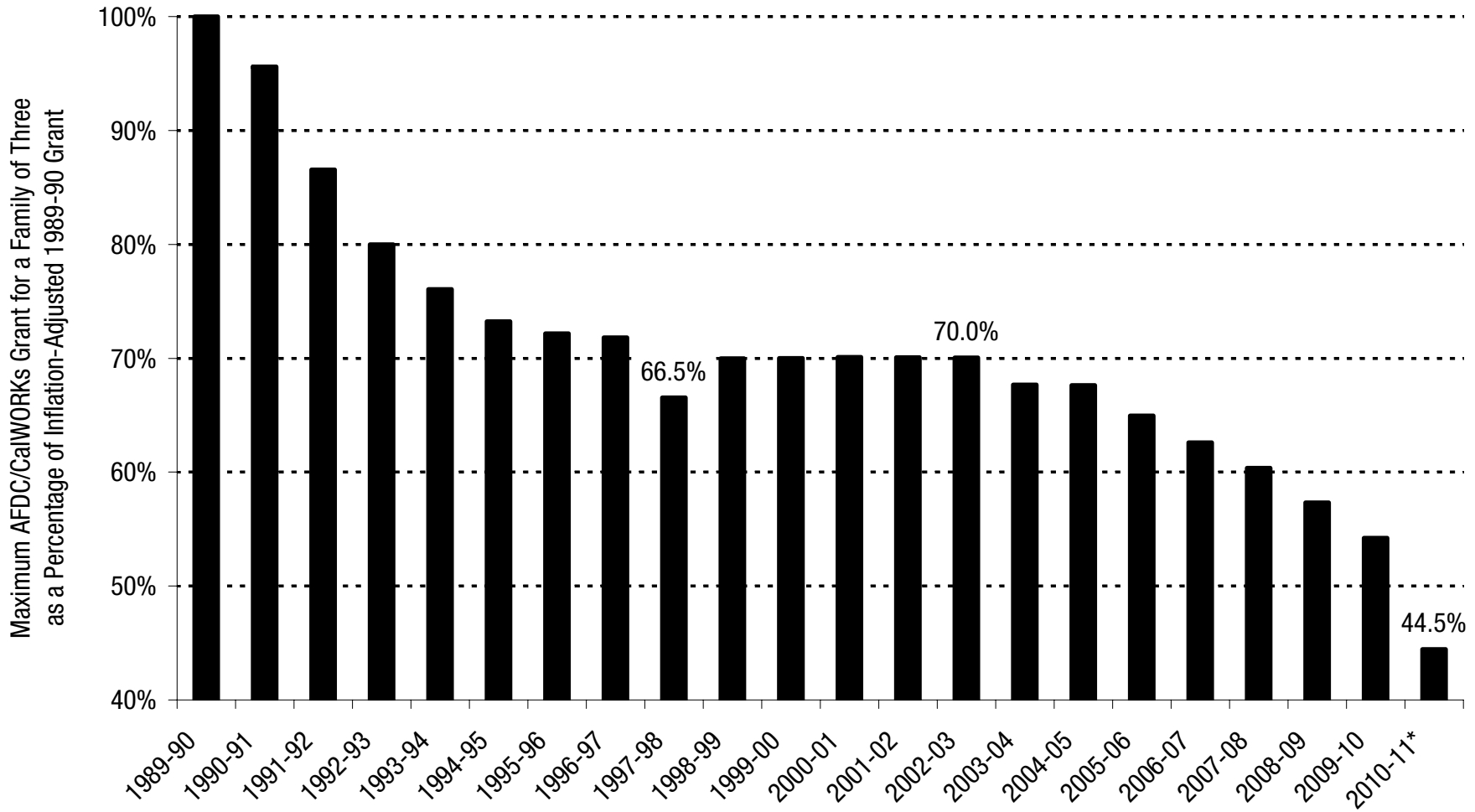


* June 2010 proposed, June 2011 projected.

Note: The July 2009 budget agreement permanently eliminated the statutory state COLA for SSI/SSP grants starting in 2011.

Source: CBP analysis of Department of Finance, Department of Social Services, and Legislative Analyst's Office data

Purchasing Power of CalWORKs Grants Would Drop Further Under the Governor's Proposal



* Reflects the Governor's proposal to cut the maximum CalWORKs grant level by 15.7 percent beginning on June 1, 2010.

Source: CBP analysis of Department of Finance and Department of Social Services data

The Governor Proposes Deep Cuts to the In-Home Supportive Services (IHSS) Program

- The Governor proposes to:
 - Cap the state’s contribution toward the wages of IHSS workers at the minimum wage of \$8.00 per hour plus \$0.60 per hour for benefits.
 - Limit IHSS services to individuals with “functional index” scores of 4.0 and higher. This change would eliminate services for approximately 87 percent of IHSS recipients, reducing the IHSS caseload from 489,972 to 63,239.
- Policymakers enacted similar – but less severe – policies in 2009, all of which were blocked by federal court injunctions.

CalWORKs and IHSS Could Be Eliminated Under the Governor's Proposed 2010-11 Budget

- The Governor's Proposed Budget assumes California will receive \$6.9 billion in new federal funds by July 15, 2010 to help close the state's budget shortfall.
- If federal government does not provide those funds, the Governor proposes to trigger \$4.6 billion in additional spending cuts and \$2.4 billion in temporary tax increases.
- The Governor's "triggered" spending cuts would include eliminating the CalWORKs and IHSS programs.

The Governor Proposes Significant Cuts to Medi-Cal

- The Governor proposes a number of reductions in Medi-Cal spending for savings totaling \$1.1 billion, including a number of proposals that have been rejected by courts or the Legislature. Specifically, the Governor proposes to:
 - Limit services, increase cost-sharing, and/or make other unspecified changes to Medi-Cal for a total 2010-11 reduction of \$917.1 million.
 - Eliminate Adult Day Health Care benefits for 37,000 individuals for savings of \$1.5 million in 2009-10 and \$134.7 million in 2010-11.

California Would Lose Nearly \$5 Billion in Federal Funds Under the Governor's Proposed Budget Cuts

- The federal government shares the cost of many health and human services programs with the state. Therefore, the state loses federal funds when it reduces state funding for these programs. For example, \$1.2 billion of the Governor's proposed state funding cuts to health programs would result in a loss of federal funds totaling \$2.0 billion. In addition, \$859.9 million of the Governor's proposed state funding cuts to human services programs would cost the state \$2.9 billion in forgone federal funds.
- Under the Governor's proposals, the state would lose:
 - \$2.4 billion in federal funds due to reducing IHSS eligibility;
 - \$1.5 billion from changes to the Medi-Cal Program;
 - \$468.9 million as a result of reducing CalWORKs grants by 15.7 percent; and
 - \$234.1 million from changes to the Healthy Families Program.

The Big Questions

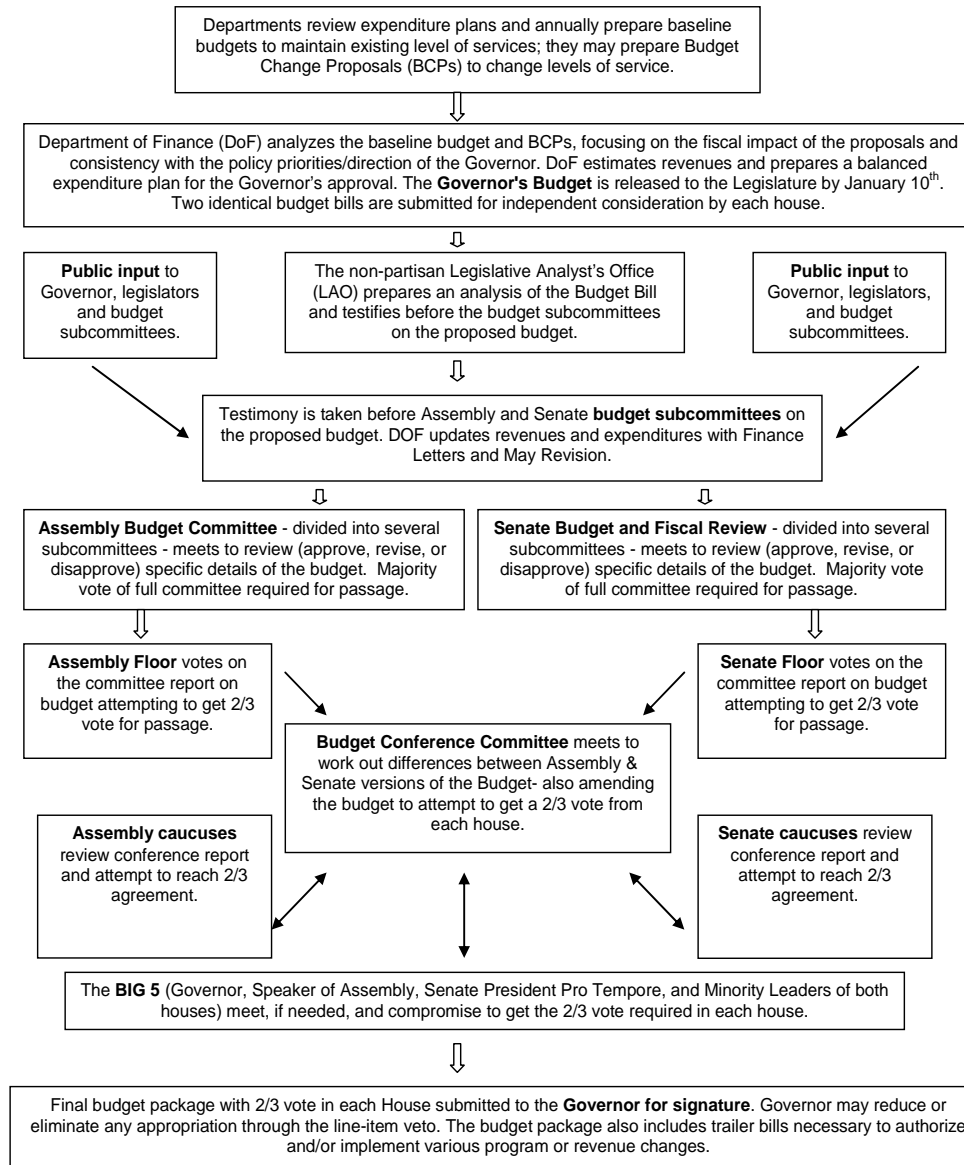
- What kind of California do we want, now and in the future?
- What is the appropriate role of public institutions in securing broadly shared prosperity and opportunity for all Californians?
- What role should government play in providing a safety net for vulnerable families and individuals?
- What changes are needed in California's budget rules, taxing, and spending in order to promote our vision for California's future?



Your Role in the Budget Process

- Educate.
- Advocate.
- Communicate.

THE ANNUAL BUDGET PROCESS



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