



May 20, 2005

To: All County Social Service Directors and Fiscal Officers
From: CWDA Staff
Pages: 2
RE: State Budget Update #4 – Budget Subcommittees Complete Action on the May Revision.

Today the Assembly and Senate Budget Subcommittees completed their hearings on the May Revision. Attached is a comprehensive summary of the actions of both houses on issues of interest to county human service agencies.

As you will see from the chart, CWDA was extremely successful in our budget advocacy with the subcommittees. On almost all issues, both subcommittees adopted the CWDA recommended action, thus the issues are not technically “In Conference” Committee. While it is still possible for the issues to be opened and discussed in the Conference Committee (or in leadership budget negotiations), it is nonetheless far preferable to have issues NOT in conference at this stage in the budget game.

Specifically, the subcommittees took the following actions of particular interest:

- Rejected the Medi-Cal Single Point of Entry Proposal;
- Rejected the proposal to pass on CWS sanctions to counties;
- Adopted the May Revision’s continuation of the 11 CWS pilot counties and creation of a fund to assist the other counties in implementing CWS system improvements, and added \$3.4 million on top of the amount budgeted in the May Revision;
- Adopted the CWDA proposal to roll forward into the budget year \$50 million in unspent current year single allocation to offset the unrealistic assumed savings from the implementation of quarterly reporting and prospective budgeting in CalWORKs;
- Adopted the CWDA proposal to appropriate \$10 million General Fund to offset unrealistic assumed savings from the implementation of quarterly reporting and prospective budgeting in Food Stamps;
- Adopted the May Revision’s revised Pay for Performance proposal. Also adopted CWDA-proposed trailer bill language requiring the state to work with counties to develop the specific measures, and allowing 25 percent of earned incentives to spent on eligible families up to 200 percent of poverty;
- Adopted CWDA proposed trailer bill language requiring the state to work with counties to develop measures to improve outcome data and management reports (in lieu of adopting the specific web-based tool to track federal work participation in all counties);
- Rejected the Governor’s child care reforms, including the proposal to time limit Stage 3;
- Rejected the Governor’s proposal to roll back state participation in IHSS wages to the minimum wage;
- Adopted the May Revision augmentation for CalWIN implementation.

The next step in the budget process is for each house’s full budget committee to adopt the subcommittee reports. After that, each house will likely take necessary actions to send their respective versions of the budget to the Budget Conference Committee. Overall, the Democrats in the Legislature and the Governor are still far apart on their preferred budgets – about \$5 billion apart – the lion’s share of which is additional funding for schools added by the Legislature. However, the social services restorations made by the Legislature constitute the next largest area of divergence from the Governor’s budget. Certainly, there will much discussion of those social

services issues in the coming weeks (or months?). Additionally, the Democrats and the Governor remain at odds over whether there should be a special election this fall in which the so-called “Live Within Our Means” spending cap initiative would be decided.

As always, we will keep posted and let you know when your assistance will be needed.