



CWDA

COUNTY WELFARE DIRECTORS ASSOCIATION OF CALIFORNIA
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August 28, 2007

To: All County Social Service Directors and Fiscal Officers

From: CWDA Staff

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RE: State Budget Update #11 – Governor Signs Budget

The Governor has signed the FY 2007-08 budget, making \$703 million in “blue pencil” GF adjustments. The final budget includes the largest projected reserve in state history at \$4.1 billion and is projected to completely eliminate the operating deficit. General Fund spending growth is .6 percent (\$600 million) over FY 2006-07.

Significant vetoes are detailed below:

APS Augmentation – “In order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I am deleting the legislative augmentation of a \$12 million GF.”

Hardware Replacement – The Governor vetoed \$23 million (\$9.4 million GF) to fund hardware replacement and help desk staff indicating that, “although I understand that workstations need to be replaced on a regular basis, this reduction is needed to build a prudent reserve. In addition, I believe this cost may be paid from funds provided for general county administration.” Specific vetoes include the following:

- CWS/CMS – \$5.1 million (\$2.5 million GF)
- LEADER – \$7.1 million (\$2.8 million GF)
- CalWIN – \$9 million (\$3.4 million GF)
- CalWIN Help Desk Staff – \$1.8 million (\$.7 million GF)

Suspension of legislation – The Governor vetoed \$4 million (\$2.6 million GF) on a one-time basis to suspend funding for two premise items that counties are required to implement. The premise items are summarized below. Implementation of the bills is not contingent upon a budget act appropriation so it is not clear if the Governor has the legal authority to veto the funds. The Governor is directing DSS to notify counties that these activities should be suspended FY 2007-08; however, it is not clear to what extent counties will continue to be required to implement the premise. We will be working with CSAC to clarify the legality of the Governor’s veto.

- Disclosure of Sibling Contact Information (AB 2488) – The Governor suspends implementation of AB 2488 (Leno, 2006) which lowers the age of consent to disclosure of contact information between adoptees and their siblings from 21 to 18. Children under 18 require consent of their adoptive parent or legal guardian prior to disclosure of their contact

information. The bill also authorizes the adoptee or sibling to petition the court to appoint the adoption agency as the confidential intermediary to make all reasonable efforts to contact an adoptee or their sibling. The Governor vetoed \$1.8 million (\$1 million GF) for this premise in an effort to suspend it for one year.

- Foster Youth Identity Theft Premise (AB 2985) – The Governor suspends funding to counties for activities related to prevention and resolution of foster youth identity theft. The Governor vetoed \$2.2 million (\$1.6 million GF).

Community Care Licensing – The Governor vetoed \$1.5 million to suspend the licensing reform automation project for one year and deleted BBL related to the projected that the Legislature had added.

IV-E Waiver Evaluation – The Governor vetoed BBL that required DSS to collaborate with stakeholders to develop the timeline, components, and execution of the evaluation of the Title IV-E waiver. In his veto message, the Governor cites that the BBL would have “resulted in an increase in expenditures without regard to the availability of revenues.” Instead, the Governor is directing DSS to work with stakeholders to facilitate the successful implementation of the waiver.

Medi-Cal –

- Self-Certification Pilot (SB 437) – The Governor vetoed \$26.8 million (\$13.4 million GF) to delay implementation for one year.
- Children’s Outreach Initiative – The Governor vetoed \$34.6 million (\$15 million GF) in funding for the county grants portion of the initiative with direction to DHCS to pay any outstanding valid claims from FY 2006-07.
- Medi-Cal Reserve – The Governor reduced the reserve by \$644.9 million (\$331.9 million GF) based on “historical data showing that on average over the last three fiscal years, Medi-Cal expenditures have been more than \$400 million GF lower than the estimate.”
- Fresno Medi-Cal Field Office – The Governor vetoed budget language prohibiting the use of funds to relocate the office because, “it interferes with the Executive Branch’s ability to effectively administer programs.”

Integrated Services to the Homeless Mentally III – The Governor vetoed \$54.9 million, eliminating funding for the program and indicating that, “to the extent counties find this program beneficial and cost-effective, it can be restructured to meet the needs of each county’s homeless population using other county funding sources... .”